State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

Date: **June 1, 2015**

To: **HSDA Members**

From: **Melanie M. Hill, Executive Director**

Re: **CONSENT CALENDAR JUSTIFICATION**
CN1504-011 – Cumberland Medical Center

As permitted by Statute and further explained by Agency Rule on the last page of this memo, I have placed this application on the consent calendar based upon my determination that the application appears to meet the established criteria for granting a certificate of need. If Agency Members determine that the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a certificate of need. If you find one or more of the criteria have not been met, then a motion to deny is in order.

At the time the application entered the May 2015 review cycle, it was not opposed. If the application is opposed prior to being heard, it will move to the bottom of the regular June agenda and the applicant will make a full presentation.

Summary—

Cumberland Medical Center is seeking approval for the renovation, expansion, and construction of the Emergency Department, which requires a capital expenditure greater than 5 million dollars. The project will relocate the 23-year old ED from its existing space a short distance away to space that currently houses the Physical Medicine and Rehabilitation Department. It involves renovation of existing space, construction of new space, a new main entrance canopy, and a new ambulance canopy. The Physical Medicine and Rehabilitation Department will be relocated to another part of the hospital's campus.

Since the existing ED will be able to remain operational while the new ED is being constructed, there should only be minimal operational challenges during the construction phases. Please refer to the Master Facility Planning Consultant Letter from Mr. Donald S. Basler of Dixon Hughes Goodman LLP in

Attachment C.1.b.3.a-b for details regarding the master plan study conducted at Cumberland Medical Center. The letter details the space and configuration issues and indicates the ED is of the highest priority.

Please refer to the application for the specifics of the project.

Executive Director Justification -

The proposed project will create a modern Emergency Department that will enhance patient care. I recommend the Agency approve certificate of need application CN1504-011 for the renovation, expansion, and construction of the Emergency Department requiring a capital expenditure greater than 5 million dollars based upon the following:

Need-. The need to upgrade and modernize the Emergency Department is demonstrated based upon the 4.1% increase in patient visits from 2010 to 2013 and the projections of 87% capacity on 25 treatment rooms by Year 2. As part of Cumberland's master plan study, major deficiencies were identified with space and function in the current Emergency Department. The specifics are detailed in Mr. Basler's letter.

Economic Feasibility- Covenant Health, the parent company of Cumberland Medical Center, has sufficient cash reserves to complete the project. The hospital is a major participant in both Medicare and TennCare and although the Emergency Department typically does not generate a substantial amount of revenue by itself, it does serve as an important point of admission to the more profitable ancillary and inpatient services.

Contribution to the Orderly Development of Health Care-The project does contribute to the orderly development of health care because a modern Emergency Department should dramatically improve operational inefficiencies by increasing clinical efficiency and productivity. The improved layout will meet modern building and life safety codes and will provide sufficient space to accommodate all the equipment needed to provide care. Since the existing ED will be able to continue to operate while the new one is being constructed, minimal disruptions are expected. Cumberland Medical Center has the appropriate contracts and transfer agreements in place and provides a substantial amount of charity care.

Statutory Citation -TCA 68-11-1608. Review of applications -- Report

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

Rules of the Health Services and Development Agency - 0720-10-.05 CONSENT CALENDAR

(1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.

(2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.

(3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.

(4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.

(5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

HEALTH SERVICES AND DEVELOPMENT AGENCY
JUNE 24, 2015
APPLICATION SUMMARY

NAME OF PROJECT:	Cumberland Medical Center
PROJECT NUMBER:	CN1504-011
ADDRESS:	421 South Main Street Crossville (Cumberland County), Tennessee 38555
LEGAL OWNER:	Cumberland Medical Center, Inc. 421 South Main Street Crossville (Cumberland County), TN 38555
OPERATING ENTITY:	N/A
CONTACT PERSON:	Mike Richardson (865) 531-5123
DATE FILED:	April 10, 2015
PROJECT COST:	$ 6,369,682
FINANCING:	Cash transfer to applicant from the parent corporation Covenant Health.
PURPOSE OF REVIEW:	Renovation, expansion, and construction of the Emergency Department, requiring a capital expenditure greater than $5 million

DESCRIPTION:

Cumberland Medical Center (CMC) is seeking approval for the renovation, expansion, and construction of its Emergency Department (ED) that will include a total of 17,621 square feet. The project will involve the following: 1) renovation of 12,954 square feet of the existing outpatient rehabilitation area; 2) the addition of 4,667 square feet of newly constructed space to address short-term and long-term needs; 3) a new main entrance canopy; and 4) a new ambulance canopy. The proposed project will expand the existing 17 ED patient stations averaging 139.6 square feet to 25 patient stations averaging 143.2 square feet.

The applicant has been placed under **CONSENT CALENDAR REVIEW** in accordance with TCA 68-11-1608(d) and Agency Rule 0720-10-.05.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Note to Agency members: There are currently no standards and criteria in the State Health Plan specific to emergency departments.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

3. For renovation or expansion of an existing licensed healthcare institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

There was a 4.1% increase in ED patient visits at CMC from 31,092 in 2010 to 32,829 in 2013. The applicant projects an increase of 0.5% in ED patient visits from 32,571 in Year 1 (2017) to 32,733 in Year Two (2018). In Year One of the proposed project, CMC projects 32,571 ED visits on 25 rooms, averaging 1,302 per room. Based on the American College of Emergency Physician standard of 1,500 visits per treatment room, the applicant will be at 87% capacity by the end of Year Two (2018).

It appears that this criterion has been met.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

A master facility planning document prepared by a national healthcare consulting firm dated April 2, 2015 located in Attachment C.1.b.3.a-b states the following regarding Cumberland Medical Center's Emergency Department:

- *There is a severe shortage of clinical support space such as storage, staff support, work areas, etc.*
- *Public intake is cramped including the waiting area and amenities.*
- *There is inadequate security space.*
- *Central administrative efficiency relative to control and access to exam room is poor.*
- *The general layout and functionality of the floor plan is very poor.*

It appears that this criterion has been met.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

The primary goal of the proposed project is to simultaneously improve both the overall clinical care of Cumberland Medical Center (CMC) and to improve patient and physician access by modernizing and expanding the CMC Emergency Department.

The existing building space to be renovated and expanded for the proposed ED will be available due to the planned relocation of an older outpatient rehabilitation area. If this application is approved, the current outpatient rehabilitation unit will likely relocate to a nearby open suite within a medical office building controlled by Cumberland Medical Center. A decision will be made at a later date if the move will be temporary or permanent. The space vacated by the existing ED is planned for a possible return of the CMC outpatient rehabilitation unit (new) or for CMC's cardiac rehabilitation services.

The existing CMC Emergency Department will remain fully operational for patient care until the proposed project has been completed. The construction of a new replacement Emergency Department will minimize operational disruption during construction.

If approved, the proposed emergency department is projected to open in July 2016.

An overview of the project is provided on pages 8-10 of the original application.

Ownership

- Cumberland Medical Center is a not-for-profit community hospital which became part of Covenant Health effective February 1, 2014.
- Covenant Health is a Tennessee not-for-profit corporation with its principal offices located in Knoxville, TN.
- Covenant Health owns 10 hospitals in Tennessee. A complete list which includes the locations and number of licensed beds is included on page 3 of the application.
- Cumberland Medical Center is a 189 licensed bed acute care hospital. The Joint Annual Report for 2013 indicates CMH staffs 123 beds. Licensed bed occupancy was 33.3% and staffed bed occupancy was 50.2%.

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

Licensed Beds - The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).
Staffed Beds - The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

Facility Information

- The total square footage of the proposed ground floor project is approximately 17,621 square feet (12,954 sq. /ft. for renovation and 4,667 sq. /ft. for construction).
- Imaging services including x-ray, CT, and ultrasound will adjoin to the proposed new emergency department.
- The proposed project will utilize the same existing helipad located less than .25 miles away from the main hospital campus.
- Besides the clinical treatment areas, the facility will include support spaces, a physician lounge and staff-break room, offices, and a locker room.
- A plot plan is included in Attachment B. III. (A). and a floor plan is included in Attachment B.IV.

Comparison of Current and Proposed ED Patient Rooms

Current Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	199	99.5	120
Secure/Psych Rooms	2	254	127	60
Trauma Rooms	2	414	207	250
Cardiac Care Rooms	2	348	174	120
Orthopedic Room	1	178	178	Not specified
ENT Room	1	138	138	120
Exam Rooms	7	841.2	120.2	120
Total	**17**	**2,372.4**	**139.6**	**n/a**
Proposed Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	281	140.5	120
Secure/Psych Rooms	2	193	96.5	60
Trauma Rooms	2	515	257.5	250
Cardiac Care Rooms	2	312	156	120
ISO/ENT Room	1	171.5	171.5	120
Bariatric Room	1	200	200	200
Exam Rooms	15	1,907	127.1	120
Total	**25**	**3,579.5**	**143.2**	**n/a**

Source: Supplemental #1, CN1504-011

- If approved, ED patient stations will increase from 17 to 25.

- The proposed ED will contain 2 triage rooms, 2 secure/psych rooms, 2 trauma rooms, 2 cardiac care rooms, 1 ISO/ENT room, 1 bariatric room, and 15 exam rooms.
- The proposed ED will allow most orthopedic work to be conducted within all the exam/treatment rooms.
- The total square feet of treatment rooms will increase from 2,372.4 sq. /ft. to 3,579.5 sq. /ft.

Project Need

The rationale for this project provided by the applicant includes the following:

- The current emergency department is outdated and no longer meets modern hospital standards and staff requirements.
- The project will provide significant ED facility, technology, and clinical upgrades.
- The applicant projects 32,571 emergency room visits in Year One and 32,733 visits in Year Two.

Service Area Demographics

Cumberland Medical Center's declared service area is Cumberland County.

- The total population of Cumberland County is estimated at 58,340 residents in calendar year (CY) 2015 increasing by approximately 4.7% to 61,077 residents in CY 2019.
- The overall statewide population is projected to grow by 3.7% from 2015 to 2019.
- Population growth over the next four years for the 65 and older cohort in the service area is expected by TDOH projections to be -2.8%: from 15,895 in 2015 to 15,456 in 2019.
- The 65+ cohort is projected to be 25.3% of the population by 2019 which will rank Cumberland County #3 out of 95 Counties. The Tennessee 65+ population is projected to be 16.5% in 2019.
- The latest 2014 percentage of the Cumberland County population enrolled in the TennCare program is 19.7%. The statewide TennCare enrollment percentage is 19.9% of the total population.

Historical and Projected Utilization

CMH Historical and Projected ED Utilization

	2010	2011	2012	2013	2014	2015	2016	Yr. 1 2017	Yr. 2 2018
ED Visits	31,092	33,930	35,202	32,829	32,358	32,247	32,409	32,571	32,733
Total Rooms	**17**	**17**	**17**	**17**	**17**	**17**	**17**	**25**	**25**
***Total Visits Per Room**	**1,829**	**1,996**	**2,071**	**1,931**	**1,903**	**1,897**	**1,906**	**1,302**	**1,309**

Source: CN1504-011

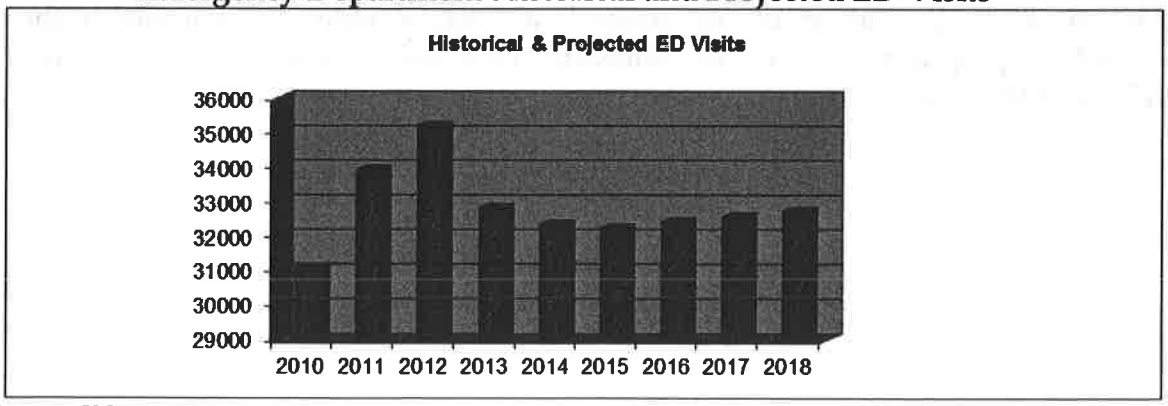
**The American College of Emergency Physician utilization standard is 1,500 visits per treatment room*

The utilization table above reflects the following:

- There was a 4.1% increase in ED patient visits at CMC from 31,092 in 2010 to 32,829 in 2013.
- The applicant projects an increase of 0.5% in ED patient visits from 32,571 in Year 1 (2017) to 32,733 in Year Two (2018).
- In Year One of the proposed project, CMC's main ED will experience 32,571 ED visits on 25 rooms, averaging 1,302 per room.
- The total CMC ED visits per room will decrease 31.7% from projected 1,906 visits per room on 17 ED rooms in 2016, to 1,302 ED visits per room on 25 rooms in Year One (2017).

The following graph shows the historical and projected utilization through the second year of the project (2018) for Cumberland Medical Center's Emergency Department.

CMC's Emergency Department Historical and Projected ED Visits



Source: CN1504-011

- In the supplemental response, the applicant noted the spike in CMC ED visits in 2012 were the result of a significantly higher volume of influenza and upper respiratory conditions.

Project Cost

Major costs are:

- Construction Cost (including contingency), $4,919,638, or 77.2% of the total cost.
- Moveable Equipment $525,000.00 or 8.2% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 38 of the application.

The total construction cost for the proposed hospital ED is $262 per square foot. As reflected in the table below, the construction cost is between the 1st quartile cost of $235.00 per square foot, and the median cost of $274.63 per square foot of statewide hospital construction projects from 2011 to 2013.

Statewide
Hospital Construction Cost Per Square Foot
Years 2011-2013

	Renovated Construction	New Construction	Total construction
1st Quartile	$107.15/sq. ft.	$235.00/sq. ft.	$151.56/sq. ft.
Median	$179.00/sq. ft.	$274.63/sq. ft.	$227.88/sq. ft.
3rd Quartile	$249.00/sq. ft.	$324.00/sq. ft.	$274.63/sq. ft.

Source: HSDA Applicant's Toolbox

Please refer to the square footage and cost per square footage chart on page 13 of the application for more details.

Financing

- An April 3, 2015 letter from John Geppi, Chief Financial Officer of Covenant Health, confirms that the parent company has sufficient cash reserves to fund the proposed project.
- Review of Covenant Health's Balance Sheet for the period ending December 31, 2013 revealed $219,763,000 in total current assets, total current liabilities of $197,552,000 and a current ratio of 1.11 to 1.0.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- According to the Historical Data Chart, Cumberland Medical Center experienced profitable net operating income results for one of the three most recent years reported: ($668,715) for 2012; $258,254 for 2013; and ($1,034,043) for 2014.
- Average Annual Net Operating Income less capital expenditures (NOI) was unfavorable at approximately -1.2% of annual net operating revenue for the year 2014.

Projected Data Chart

Proposed ED Project

The applicant projects $23,342,927.00 in total gross revenue on 32,571 ED visits during the first year of operation and $23,388,226 on 32,733 ED visits in Year Two (approximately $714 per visit). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $4,751,723 in Year One increasing to $4,741,270 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $15,664,375 or approximately 67% of total gross revenue in Year Two.
- Charity Care calculates to 257 ED visits in Year One and 259 ED visits in Year Two.
- As with the majority of hospitals, the Emergency Department is not a highly profitable operation by itself, but serves as an important point of admission to the more profitable ancillary and inpatient services.

Cumberland Medical Center

- The applicant projects $268,002,218.00 in total gross revenue during the first year of operation (2017) and $269,758,179 in Year Two (2018).
- Net operating income less capital expenditures for CMC will equal ($106,675) in Year 2017 increasing to $142,515 in Year 2018.

Charges

In Year One of the proposed project, the average emergency room charges are as follows:

- The proposed average gross charge is $716/ ED visit in 2017.
- The average deduction is $480/ED visit, producing an average net charge of $236/ED visit.

Medicare/TennCare Payor Mix

- TennCare- Charges will equal $5,762,244 in Year One representing 25% of total gross revenue.
- Medicare- Charges will equal $9,434,029 in Year One representing 40% of total gross revenue.

Staffing

The applicant's proposed direct patient care staffing in Year One includes the following:

Position Type	Current FTEs
Registered Nurses	20.0
LPN	3.0
Paramedic	1.0
ED Tech	2.0
HUC	4.0
Social Worker/Discharge Planner	2.5
Total	**32.5**

Source: CN1504-011

Licensure/Accreditation

CMC is licensed by the Tennessee Department of Health.

CMC is accredited by The Joint Commission. A copy of the March 22, 2013 Joint Commission Survey is located in Attachment C, Contribution to the Orderly Development of Health Care-7.d.

Corporate documentation, real estate deed information, performance improvement plan, utilization review plan, and patient bill of rights are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **three** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications for this applicant.

The applicant's parent company, Covenant Health has financial interest in this project and the following:

Outstanding Certificates of Need

Morristown Hamblen Hospital, CN1410-043, has an outstanding Certificate of the Need that will expire on February 1, 2018. The project was approved at the December 17, 2014 Agency meeting for the initiation of a mobile lithotripsy service 2 days per week on the hospital campus. The estimated project cost is **$328,900.00.** *Project Status Update: The applicant reported on 5/22/2015 the lithotripsy service began in the 1st quarter of 2015 with the final project report pending to the Agency.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(5/22/2015)

LETTER OF INTENT

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the **Crossville Chronicle** (Name of Newspaper) which is a newspaper of general circulation in **Cumberland County** (County), Tennessee, on or before **April 10, 2015** (Month / day) (Year), for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Cumberland Medical Center (Name of Applicant), **an Acute Care Hospital** (Facility Type-Existing)

owned by: **Cumberland Medical Center, Inc.** with an ownership type of **Not-for-Profit Corporation** and to be managed by: **(Not Applicable)** intends to file an application for a Certificate of Need for:

Construction, renovation, and expansion of an existing building to create a new Emergency Department on the current hospital campus located at 421 South Main Street, Crossville, Tennessee 38555. The project does not involve acquisition of major medical equipment, initiation of any new service for which a CON is required, or the addition of hospital beds. The total estimated project cost is $ 6,369,682.

The anticipated date of filing the application is: **April 10, 2015.**

The contact person for this project is **Mike Richardson, Vice President, Strategic Planning & Development** (Contact Name) (Title)

who may be reached at: **Covenant Health, 280 Fort Sanders West Boulevard, Building 4, Suite 218** (Company Name) (Address)

Knoxville, (City) **Tennessee** (State) **37922** (Zip Code) **865 / 531-5123** (Area Code / Phone Number)

(Signature) **April 7, 2015** (Date) **mdr@covhlth.com** (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY
-Application
Cumberland Medical Ctr.

CN1504-011

Cumberland Medical Center

Certificate of Need Application for

Emergency Department

Construction, Renovation, and Expansion

Anticipated Filing Date:

April 10, 2015

Contact Person:

Mike Richardson
Vice President, Strategic Planning and Development
Covenant Health
280 Fort Sanders West Boulevard, Building 4, Suite 218
Knoxville, Tennessee 37922
(865) 531-5123

APR 10 '15 AM 11 38

1. *Name of Facility, Agency, or Institution*

Cumberland Medical Center
Name

421 South Main Street — **Cumberland**
Street or Route — County

Crossville — **Tennessee** — **38555**
City — State — Zip Code

2. *Contact Person Available for Responses to Questions*

Mike Richardson — **Vice President, Strategic Planning and Development**
Name — Title

Covenant Health — **mdr@covhlth.com**
Company Name — E-mail Address

280 Fort Sanders West Blvd., Building 4, Suite 218 — **Knoxville** — **TN** — **37922**
Street or Route — City — State — Zip Code

Employee of Parent Company — **(865) 531-5123** — **(865) 531-5729**
Association with Owner — Phone Number — Fax Number

3. *Owner of the Facility, Agency or Institution*

Cumberland Medical Center, Inc. — **(931) 459-7112**
Name — Phone Number

421 South Main Street — **Cumberland**
Street or Route — County

Crossville — **Tennessee** — **38555**
City — State — Zip Code

See Attachment A.3. – Corporate Charter & Certificate of Corporate Existence

4. *Type of Ownership of Control* **(Check One)**

A. Sole Proprietorship ______
B. Partnership ______
C. Limited Partnership ______
D. Corporation (For Profit) ______
E. **Corporation (Not-for-Profit)** X
F. Government (State of TN or Political Subdivision) ______
G. Joint Venture ______
H. Limited Liability Company ______
I. Other (Specify) ______

See Attachment A.4. – Organizational Chart

Cumberland Medical Center ("CMC") is a 189-bed not-for-profit community hospital located in Crossville, Tennessee. Effective February 1, 2014, CMC became part of the Covenant Health organization. Covenant Health is a Tennessee non-profit corporation, qualified under 501(c)(3) of the Internal Revenue Code, with its principal offices in Knoxville, Tennessee. Covenant Health is the parent corporation for a healthcare system that operates hospitals, cancer centers, and other health care facilities, and engages in many other health care related activities.

Covenant Health has one consolidated Board of Directors that governs operations, which includes representation from across the communities served by its entities. Covenant Health includes hospitals, behavioral health facilities, cancer treatment centers, various outpatient diagnostic and treatment centers, and several other healthcare related ventures. Covenant Health is the sole member of its non-profit subsidiaries and is the sole shareholder of its for-profit subsidiaries.

The following chart summarizes the *hospital* facilities currently operated by Covenant Health (licensure/certification for each hospital is current).

Facility	*Location*	*Licensed Beds*	
Fort Sanders Regional Medical Center	1901 Clinch Avenue Knoxville, Tennessee 37916	541	(1)
Parkwest Medical Center	9352 Park West Blvd. Knoxville, Tennessee 37923	307	
Methodist Medical Center of Oak Ridge	990 Oak Ridge Turnpike Oak Ridge, Tennessee 37830	301	
LeConte Medical Center (replacement for Fort Sanders Sevier Medical Center)	742 Middle Creek Road Sevierville, Tennessee 37862	79	(2)
Fort Loudoun Medical Center	550 Fort Loudoun Medical Center Drive Lenoir City, Tennessee 37772	50	
Roane Medical Center	8045 Roane Medical Center Drive Harriman, Tennessee 37748	54	(3)
Morristown-Hamblen Hospital	908 West Fourth North Street Morristown, Tennessee 37814	167	
Cumberland Medical Center	**421 South Main Street Crossville, Tennessee 38555**	**189**	
Claiborne Medical Center	1850 Old Knoxville Road Tazewell, Tennessee 37879	85	(4)
Peninsula Hospital (a division/satellite of Parkwest Medical Center)	2347 Jones Bend Road Louisville, Tennessee 37777	155	

(1) License includes 517 hospital beds and 24 skilled nursing beds.
(2) Also licensed and operates 54 intermediate and skilled nursing beds.
(3) Roane Medical Center once operated 105 licensed beds, including 10 swing beds; however, the replacement hospital facility has 54 licensed beds, including 10 swing beds.
(4) The nursing home adjacent to the hospital is licensed for 100 beds.

Overview: Cumberland Medical Center

Cumberland Medical Center ("CMC") operates a not-for-profit community hospital that includes 189 licensed acute care hospital beds and offers an extensive array of inpatient, outpatient, and emergency services needed in the service area. The hospital is located in Crossville, Tennessee and has been serving residents of Cumberland County since 1950:

- *Fully accredited by The Joint Commission, CMC is a licensed acute care hospital offering all private patient rooms as well as specialized services not usually found in the rural medical system.*
- *For seriously ill patients, advanced medical and surgical care is provided at CMC including telemetry monitored beds and an intensive care unit. Additionally, CMC offers an outpatient imaging center, same day surgery unit, cardiac and pulmonary rehab programs, a sleep disorder center, a regional breast center offering digital mammography, a regional cancer center, durable medical equipment services division, a hyperbaric medicine and wound center, and home care and hospice services (via Covenant HomeCare and Hospice). CMC also offers an in-house cardiac cath lab, inpatient dialysis services, and important rehabilitation services (including physical, occupational, and speech therapy). A full-service laboratory, medical imaging department, and cardiopulmonary services department support all services within the facility and provide quality care for patients the hospital serves. The emergency department at Cumberland Medical Center is staffed by board-certified physician(s) 24-hours a day. Hospitalists provide care for inpatients 24-hours a day. The CMC Auxiliary sponsors the Lifeline program, which is an emergency response system for individuals in their homes.*
- *Currently, there are 140 highly skilled physicians working with over 775 employees and more than 100 caring volunteers to deliver quality care to the residents of Cumberland County. Physicians on staff include the specialties of anaesthesiology, cardiology, emergency medicine, endocrinology, ENT, family medicine, general medicine, general surgery, geriatrics, gynecology, internal medicine, neurology, obstetrics, ophthalmology, oncology, oral surgery, orthopedics, pediatrics, radiology, radiation oncology, urology, and vascular surgery. Approximately 96 percent of the active medical staff physicians are board certified (or even double board certified).*
- *In the important area of community wellness, Cumberland Medical Center at Fairfield Glade is a 25,000 square foot facility which houses a wellness complex with a fitness area and pool, physical therapy services including aquatic therapy, digital mammography services, and patient financial services. Additionally, Cumberland Medical Center has a wellness complex in Crossville located in the Woodmere Mall. Both wellness facilities were recognized by the Medical Fitness Association with a Distinguished Achievement Award. CMC also offers a diabetes self-management program and nutritional counselling on the main hospital campus for many residents of Cumberland County.*

CMC is an important component of the TennCare provider network within the hospital's service area. Moreover, as a not-for-profit community hospital, CMC serves all patients regardless of race, ethnicity, gender, age, or income level. CMC's long history reflects a proven commitment to ongoing investments in both clinical talent and medical technology needed to better serve the evolving needs and expectations of patients and providers within the region. This project is a continuation of that commitment, as CMC seeks to modify and improve its existing campus via construction, renovation, and expansion of its Emergency Department to better serve and benefit its patients, physicians, and the diverse communities of Cumberland County. ***(http://www.cmchealthcare.org)***

5. ***Name of Management/Operating Entity*** ***(If Applicable)***

Not applicable.
Name

Street or Route County

City State Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution*** ***(Check One)***

A.	**Ownership**	X	D.	Option to Lease	
B.	Option to Purchase		E.	Other (Specify)	
C.	Lease of ____ Years				

See Attachment A.6. – Deed

7. ***Type of Institution*** ***(Check as appropriate–more than one response may apply)***

A.	**Hospital** (Specify) Acute Care	X	I.	Nursing Home	
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty		J.	Outpatient Diagnostic Center	
C.	ASTC, Single Specialty		K.	Recuperation Center	
D.	Home Health Agency		L.	Rehabilitation Facility	
E.	Hospice		M.	Residential Hospice	
F.	Mental Health Hospital		N.	Non-Residential Methadone Facility	
G.	Mental Health Residential Treatment Facility		O.	Birthing Center	
H.	Mental Retardation Institutional Habilitation Facility (ICF/MR)		P.	Other Outpatient Facility (Specify)	
			Q.	Other (Specify)	

8. **Purpose of Review** ***(Check) as appropriate–more than one response may apply)***

A.	New Institution		G.	Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*]	
B.	Replacement/Existing Facility				
C.	**Modification/Existing Facility**	X			
D.	Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify):		H.	Change of Location	
			I.	Other (Specify)	
E.	Discontinuance of OB Services				
F.	Acquisition of Equipment				

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

		Current Beds Licensed	**CON*	*Staffed Beds*	*Beds Proposed*	*TOTAL Beds at Completion*
A.	Medical *	165*		98*		165*
B.	Surgical *	-		-		-
C.	Long-Term Care Hospital	-		-		-
D.	Obstetrical/GYN	12		12		12
E.	ICU/CCU	12		12		12
F.	Neonatal *(NICU)*	-		-		-
G.	Pediatric *	-		-		-
H.	Adult Psychiatric	-		-		-
I.	Geriatric Psychiatric	-		-		-
J.	Child/Adolescent Psychiatric	-		-		-
K.	Rehabilitation	-		-		-
L.	Nursing Facility (non-Medicaid Certified)	-		-		-
M.	Nursing Facility Level 1 (Medicaid only)	-		-		-
N.	Nursing Facility Level 2 (Medicare only)	-		-		-
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)	-		-		-
P.	ICF/MR	-		-		-
Q.	Adult Chemical Dependency	-		-		-
R.	Child and Adolescent Chemical Dependency	-		-		-
S.	Swing Beds	-		-		-
T.	Mental Health Residential Treatment	-		-		-
U.	Residential Hospice	-		-		-
	TOTAL	189		122		189

** Note: these 165 licensed Acute Care Beds are staffed and used as needed for both Adult Med/Surg Patients and Pediatric Patients*

10. Medicare Provider Number 44-0009

Certification Type Acute Care Hospital

11. Medicaid Provider Number 44-0009

Certification Type Acute Care Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

The proposed project will be part of an existing facility.

13. ***Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.*** **Will this project involve the treatment of TennCare participants?** Yes **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

The proposed project will involve treatment of many TennCare participants. Cumberland Medical Center has existing contracts with all TennCare MCOs in the area, including:

- Amerigroup
- Blue Care/TennCare Select
- United HealthCare Community Plan/TennCare

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Not applicable.

NOTE: ***Section B*** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. ***Section C*** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Summary of Proposed Project

Cumberland Medical Center's history reflects a proven commitment to ongoing investments in clinical talent, medical technology, and other healthcare resources needed to better serve the evolving needs and expectations of patients, physicians, and other providers within Cumberland County. This project is a continuation of that long-standing commitment, as CMC seeks to replace and improve its Emergency Department on the main hospital campus via needed construction, renovation, and expansion to better address evolving healthcare needs within Cumberland County.

The project does not involve either the "acquisition of major medical equipment" or the "initiation of any new healthcare service" for which a certificate of need is required. The proposed project will not change CMC's licensed bed count or current bed complement. Rather, the project seeks to create a modern new Emergency Department utilizing existing space and the expansion of an existing building on CMC's main hospital campus to allow continued patient care innovation and collaboration to better serve the diverse communities of Cumberland County.

Ownership Structure:

The proposed project will be owned and managed by CMC. Covenant Health is the parent company of CMC.

Service Area:

The proposed service area for this project is Cumberland County in Tennessee. CMC is the only hospital within Cumberland County – and has been serving residents of Cumberland County for more than 65 years. Historically, more than 80% of all CMC patients have been residents of Cumberland County.

Existing Resources:

CMC is the only hospital in the service area – and, as such, offers the only hospital Emergency Department capabilities in the service area. CMC and affiliated physicians provide high quality emergency care on the hospital campus 24 hours a day, 7 days a week.

Need:

A state-of-the-art Emergency Department is needed for the residents and visitors of Cumberland County. Even after some modifications and routine enhancements during the past few decades, this important clinical area remains significantly outdated and no longer meets all modern hospital standards, medical staff requirements, and evolving community expectations. Moreover, the project will create many important improvements to modernize and enhance the CMC care environment for patients, families, physicians, and staff. The project represents significant facility, technology, and clinical upgrades for all who utilize the CMC Emergency Department – and the facility designs will improve patient-provider interactions, allow better staffing scenarios to optimize patient care and customer satisfaction, strengthen overall regulatory compliance, and enhance community access to needed services. Additionally, the new Emergency Department will be an important platform for ongoing efforts to recruit and retain physicians and clinical staff needed within Cumberland County.

Strong support for the project has been demonstrated by community and civic leaders, local physicians, and many others who will benefit from CMC's ongoing efforts to address critical healthcare issues and needs in the service area.

See Attachment B.I.a. Support Letters

Project Cost and Funding:

The conservative estimated total cost for the project is $ 6,369,682 including appropriate contingency amounts – which exceeds the $ 5 Million CON threshold for hospital construction, renovation, and expansion projects. The project is economically feasible – and Covenant Health, the parent company of CMC, has sufficient cash reserves to complete the proposed project.

Financial Feasibility:

The projected cash flow of the project will be sufficient to maintain operations and support routine capital reinvestments. Furthermore, service area demographics, population growth, utilization expectations, decreased outmigration for some services, and the growing number and specialty mix of physicians practicing within Cumberland County should enhance the financial performance of the project over time.

CMC has always been committed to serving all patients who need and seek high quality care from the hospital. CMC maintains contracts with all area TennCare MCOs and will continue to serve all patients regardless of race, ethnicity, gender, age, income level, or payer classification. In 2014, TennCare patients represented 26.9% of CMC's Total Emergency Department Patients – and 14.3% of CMC's Total Patients.

Staffing:

The project does not add services or licensed beds to the region. Therefore, very few (if any) additional human resources will be required to support the project. In fact, operational efficiencies created by the project should increase the overall efficiency and

productivity of both physicians and staff. When the new Emergency Department opens, the total number of hospital staff FTEs (i.e. "Full-Time Equivalent" staff employees) will be approximately 32.5 during the first two full years after project completion (2017-2018). Existing hospital leadership will manage the new Emergency Department.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of $5 million) and other facility projects (construction cost in excess of $2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

The existing CMC Emergency Department is on the first floor of the hospital, has only 11,292 square feet, includes many outdated patient exam/care stations, has limited clinical support and storage space, and does not meet the current and evolving expectations of important stakeholders for many reasons (i.e. patients, families, physicians, staff, regulatory agencies, payers, and others).

Such an outdated clinical setting creates operational inefficiency, does not meet all modern facility codes, hampers care innovation, and negatively impacts patient experience. A breakout of the outdated patient exam/care stations includes: 2 triage areas/rooms, 2 secure rooms, 2 trauma rooms, 2 cardiac rooms, 1 orthopedic room, 1 ENT room, 7 exam rooms – as well as 3 curtained stretcher bays and 4 hallway stretchers if ever needed.

This proposed project will create a modern Emergency Department for Cumberland Medical Center (CMC) on a ground floor that will include approximately 17,621 total square feet. The project involves: 1) renovation of existing space (12,954 square feet); 2) immediately adjacent construction of new space (4,667 square feet) to allow expansion to address confirmed short-term and long-term needs; 3) a new main entrance canopy; and 4) a new ambulance canopy.

The existing building space to be renovated and expanded will be available due to the relocation of an older outpatient rehabilitation area. The CMC campus is

11.5 acres, offering plenty of space for the expansion of an existing building into one of the community hospital's parking areas next to the proposed renovation/construction site. New construction associated with the project will occur to the immediate North of the existing building and become an extension of the current structure.

The new CMC Emergency Department will be 17,621 total square feet after project completion. The Total Construction Cost Estimate for the new Emergency Department project is $ 4,619,638 not including budgeted contingency shown on the Project Cost Chart. As outlined in the *Square Footage and Cost per Square Footage Chart*, The Total Construction Cost Estimate is $ 262.17 per square foot to build the new Emergency Department *(including $ 223.91 per 12,954 sq/ft for renovation to existing space and $ 368.36 per 4,667 sq/ft for new construction to allow needed expansion of the existing building).*

The proposed project will create a total of 25 new patient exam/care stations that will meet all modern hospital codes applicable to an emergency department and address expectations of key stakeholders:

- 2 Triage Rooms
- 2 Secure/Psych Rooms
- 2 Trauma Rooms
- 2 Cardiac Care Rooms
- 1 ISO/ENT Room
- 1 Bariatric Exam Room
- 15 Exam Rooms

The new Emergency Department will create a modern new clinical environment for patient care – and will accommodate any anticipated short-term and long-term demand by adding needed capacity and allowing increased operational efficiencies.

The existing CMC Emergency Department will remain fully operational until the proposed project has been completed. Developing a new "replacement" Emergency Department will minimize operational disruption (and related economic challenges) during construction.

The design and construction of the new CMC Emergency Department will be in accordance with all applicable State, Federal, and Local codes and standards. All estimated construction costs for this project have been deemed reasonable by independent architects and construction professionals.

See Attachment B.II.A.1. – Architect and Contractor Letters

See Attachment C.1.b.3.a-b. – Master Facility Planning Consultant Letter

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services. **Not applicable.**

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Emergency Dept.- Renovation			n/a		12,954	n/a	12,954	223.91	n/a	2,900,498
Emergency Dept.- New			n/a		n/a	4,667	4,667	n/a	368.36	1,719,140
B. Unit/Depart. GSF Sub-Total					12,954 n/a	n/a 4,667	12,954 4,667	223.91 n/a	n/a 368.36	2,900,498 1,719,140
C. Mechanical/ Electrical GSF					12,954	4,667	17,621	w/a	w/a	w/Above
D. Circulation /Structure GSF					n/a	4,667	4,667	n/a	w/a	w/Above
Total GSF					**12,954**	**4,667**	**17,621**		***Total Cost/SF*** **$ 262.17**	***Total Cost*** **$ 4,619,638**

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Not applicable.

D. Describe the need to change location or replace an existing facility.

Not applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $ 2 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

   a. Describe the new equipment, including:

      Not Applicable.

      1. Total cost; (as defined by Agency Rule).
      2. Expected useful life;
      3. List of clinical applications to be provided; and
      4. Documentation of FDA approval.

   b. Provide current and proposed schedules of operations.

      Not Applicable.

2. For mobile major medical equipment:

Not applicable.

a. List all sites that will be served;

Not applicable.

b. Provide current and/or proposed schedule of operations;

Not applicable.

c. Provide the lease or contract cost.

Not applicable.

d. Provide the fair market value of the equipment; and

Not applicable.

e. List the owner for the equipment.

Not applicable.

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include**:

1. Size of site (***in acres***);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

See Attachment B.III.A: Plot Plan of the Site

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The modern new Emergency Department will be operated in Crossville, Tennessee at the well-known and accessible campus (11.5 acres) of Cumberland Medical Center (CMC) which is located near downtown Crossville on South Main Street, in close proximity to US routes/State highways 70, 101, 127, 392 and Interstate 40 – and it only takes about five minutes or less to get to CMC from any one of the major interstate exits for Crossville.

The proposed new Emergency Department will be part of the main hospital building and adjacent to adequate patient parking and convenient covered drop-off locations with appropriate signage.

The site is in close proximity to public transportation routes and accessible to patients arriving via public transportation services and local cab companies which service Cumberland and surrounding counties. Additionally, CMC is only a few miles from the Crossville Memorial Airport and a Greyhound bus terminal (located adjacent to I-40). An established helicopter pad is located near the hospital campus (less than .25 miles) to continue supporting any needed patient transports.

The CMC campus is accessible to patients who utilize transportation and social services provided by The Upper Cumberland Human Resource Agency (UCHRA) which maintains a nearby office in Crossville. Additionally, CMC maintains an agreement via its Social Services Department to help coordinate affordable and accessible transportation for patients via the Cumberland County Cab Company.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: ***DO NOT SUBMIT BLUEPRINTS***. Simple line drawings should be submitted and need not be drawn to scale.

See Attachment B.IV: Floor Plan

V. For a Home Health Agency or Hospice, identify:

Not applicable.

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the *State Health Plan* and *Tennessee's Health: Guidelines for Growth*, if applicable.

   a. Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Please list each principle and follow it with a response.

   - *Healthy Lives.*
   - *Access to Care.*
   - *Economic Efficiencies.*
   - *Quality of Care.*
   - *Health Care Workforce.*

The proposed project seeks to create a modern new Emergency Department for CMC patients and physicians through construction, renovation, and expansion of an existing building on the main hospital campus. This optimal approach to improving the clinical care environment at CMC to enhance access to high quality healthcare services is orderly, efficient, and beneficial for many key stakeholders in the region.

As outlined throughout this application, the proposed project supports the major tenets of the State Health Plan – including the promotion and support of "Healthy Lives" for specific patient populations; improving "Access to Care" in the service area for all residents; developing healthcare services in a manner to optimize "Economic Efficiencies"; ensuring highest "Quality of Care" that is effective, patient-centered, timely,

efficient, and equitable; and strengthening the "Healthcare Workforce" in the region in an effective and efficient manner.

The proposed project is needed and designed to improve care by addressing each of the major tenets of the Tennessee State Health Plan:

Healthy Lives.

This project to modernize and expand the CMC Emergency Department will improve the health of Tennesseans by enhancing critical emergency care services most needed in Cumberland County. The project will allow CMC to better support the State of Tennessee's goals and principles for "achieving better health" and promoting "healthy lives" through the development of a greatly improved clinical environment designed to better support ongoing accountability, public data reporting, peer review, outcomes monitoring, and other patient care quality assurances – so that CMC patients will *"have confidence that the quality of health care is continually monitored and standards are adhered to..."* in a manner consistent with the current State Health Plan.

Access to Care.

The proposed location to accommodate a modern new Emergency Department in Crossville, Tennessee is the well-known, convenient, and accessible main campus of CMC. The CMC campus provides a centrally located "patient-friendly" and "physician-friendly" environment for Emergency Services to continue, expand, and improve within the project service area.

One primary goal of the proposed project is to improve access to critical emergency services for both patients and physicians in the project service area by replacing the only hospital emergency department in Cumberland County with a modern and more efficient care environment. Consistent with the demonstrated community-oriented mission of CMC, the hospital seeks to strengthen its historical commitment and recognized value as a leading provider of high quality patient care for the many patients who reside and/or work within the service area. The proposed project promotes this important planning goal by assuring continued and improved access to needed clinical technologies for all patients and visitors seeking emergency care in Cumberland County. Additionally, this Emergency Department replacement project will allow the existing CMC Emergency Department to operate without disruption of services to maintain patient access while the important project is completed.

The facility design will address all capacity needs for the current 3-5 year planning horizon and beyond – better accommodating Emergency Department patient volumes during anticipated "peak times" and providing capacity to effectively handle up to 40,000 visits annually in Cumberland County if ever needed.

The emergency services of CMC will continue to be open and accessible to all patients and any referring physician in the region. This project reflects the ongoing commitment of CMC to invest in needed and accessible community healthcare resources locally.

Economic Efficiencies.

The proposed project represents a unique and economically feasible opportunity for CMC to better care for Emergency Department patients in Cumberland County while improving operational efficiencies, patient and physician satisfaction, and overall continuum of care coordination across hospital service lines and from a broader community healthcare standpoint.

The project was identified as the most important strategic and facility planning priority for CMC to enhance its clinical care environment – and represents significant facility, technology, and clinical upgrades to benefit all who utilize the CMC Emergency Department. The facility designs will improve patient-provider interactions, allow better staffing scenarios to optimize patient care and customer satisfaction, strengthen overall regulatory compliance, and enhance overall efficiency of the community hospital's emergency services. The project will create operational efficiencies to benefit and improve performance across other hospital service areas as well. The project will be developed in a prudent, timely, and cost-effective manner to address evolving community needs.

Quality of Care.

The project will allow CMC to continue its longstanding commitment of improving quality and safety performance outcomes for the patients it serves – and to offer appropriate clinical care environments to address the evolving needs and expectations of many important stakeholders.

All patient exams and treatments performed in the new Emergency Department will be performed in accordance with appropriate clinical protocols and guidelines under the direction of appropriately qualified, certified, and licensed medical professionals. Like all other services at CMC, the new Emergency Department operations will be subject to ongoing quality and service performance training and enhancement programs for physicians, leaders, and staff. Moreover, all clinical care provided within the new Emergency Department will be integrally linked to the inpatient and outpatient quality, safety, service, and efficiency performance metrics programs of CMC and Covenant Health to ensure ongoing monitoring, improvement, and reporting of key clinical outcomes to ensure outstanding patient care functions.

As outlined elsewhere within this CON application, CMC meets all licensing and accreditation requirements of the State of Tennessee, The Joint Commission, CMS, and many others. Approval of this project will strengthen CMC's ongoing ability to meet such requirements – and to better address the evolving quality, service, and efficiency expectations of many important stakeholders.

Health Care Workforce.

All Covenant Health affiliated entities, including CMC, have a strong history of training many students in clinical areas that enhance community healthcare within Tennessee. The proposed project will benefit from and support such ongoing training efforts and relationships with education and training programs across the region. Specific

examples of current CMC affiliations that support the ongoing education and training of students pursuing careers related to healthcare services is included in the staffing section of the CON application *(i.e. Contribution to the Orderly Development of Health Care, item 6).*

b. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9 of the Guidelines for Growth) here.

STATE OF TENNESSEE

STATE HEALTH PLAN

CERTIFICATE OF NEED STANDARDS AND CRITERIA

FOR

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

   Not applicable.

2. For relocation or replacement of an existing licensed health care institution:

   a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

      Not applicable.

   b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

      Not applicable.

3. For renovation or expansions of an existing licensed health care institution:

   a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The development of this project is important from both a community perspective and a hospital standpoint for many reasons. As a not-for-profit community hospital, Cumberland Medical Center has maintained viability to serve the residents and visitors of Cumberland County for more than 65 years – and has grown considerably to address evolving community healthcare needs since 1950. Acceptable demand for the proposed project is based upon many factors, including the widespread community support for the needed hospital across many years as documented by the historical demand for Emergency Department services at CMC.

CMC is a busy community hospital that serves many patients in the region, with more than 80% of <u>all</u> patients coming from within Cumberland County historically.

Hospital Statistic	2012	2013	2014
Inpatient Admissions	5,202	5,068	5,720
Patient Days	21,838	22,960	25,102
Total Outpatient Visits *(excluding ER visits)*	57,599	54,065	52,764
Adjusted Admissions	13,859	13,338	14,064
Total ER Visits	**35,204**	**32,829**	**32,358**

Acceptable demand for the proposed project is demonstrated by CMC's historical Emergency Department utilization statistics across many years, which include more than 100,000 patient visits during the past three years *(i.e. an average of approximately 33,500 visits per year during 2012-2014)*. In addition, service area demographics, physicians and other providers who support the needed project, and anticipated future healthcare needs in Cumberland County outlined elsewhere in this CON application support the conservative projections for the project. Conservative volume projections for the project match recent documented demand at CMC, represent a stabilization of recent volumes, and reflect only modest increases over recent Emergency Department utilization levels for the first few years of the project. Development of the new CMC Emergency Department is economically feasible based upon continuation of existing demand and the conservative projections outlined for the project.

The project will address future demands while improving the accessibility of healthcare services needed in the region since CMC is the only hospital in the service area – and because the CMC Emergency Department has represented a major portal to many of the hospital's admissions and other services in recent years. In many respects, the CMC Emergency Department is the "front door" of the hospital to many patients who seek hospital care in Cumberland County. Maintaining the viability of such important local healthcare resources is very important to the community.

Anticipated patient care volumes for this Emergency Department replacement project represent a continuation of historical utilization at CMC for the foreseeable future. The project design is primarily intended to serve CMC patient more effectively by addressing identified facility and operational deficiencies. However, the project is also designed to accommodate any additional demand anticipated during both short-term peaks and long-term by creating expanded functional capacity to effectively and efficiently handle future Emergency Department volumes to at least the level of 40,000 annual patient encounters.

Please see related information regarding anticipated demand and projected utilization assumptions outlined in Section Need.6. of the CON application.

See Attachment C.1.b.3.a-b. – Master Facility Planning Consultant Letter

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Cumberland Medical Center (CMC) was initially developed on the current hospital campus in 1950 – and some of the original buildings, now used primarily for administrative support, still remain. A major addition in 2006 brought the medical and surgical bed units, as well as many other patient care functions up to date. However, the Emergency Department was recently confirmed by independent consultants as the highest priority medical service area to be addressed during a comprehensive Master Facility Planning project in 2014. Looking to the future, the Emergency Department has several significant capacity and functional issues that must be addressed.

Although CMC has been serving residents of Cumberland County on its Crossville, Tennessee campus since 1950, the building that currently contains the Emergency Department was constructed in 1972 to address evolving community needs at that time. Then, in 1992, the existing Emergency Department was expanded to address the evolving needs of growing communities in Cumberland County via the addition of two emergency/trauma rooms, one orthopedic procedure room, an ambulance canopy, and a new HVAC system. Since 1992, there have been no major facility enhancements to the CMC Emergency Department, only minor cosmetic and routine aesthetic improvements. All participants involved with the development of the most recent CMC Strategic Plan and CMC Master Facility Plan unanimously confirmed that a replacement Emergency Department was the most critical and pressing priority to help CMC better care for patients in Cumberland County.

The existing CMC Emergency Department is on the first floor of the hospital, has only 11,292 square feet, includes many outdated patient exam/care stations, has limited clinical support and storage space, and does not meet the current and evolving expectations of important stakeholders for many reasons (i.e. patients, families, physicians, staff, regulatory agencies, payers, and others).

Such an outdated clinical setting creates operational inefficiency, does not meet all modern facility codes, hampers care innovation, and negatively impacts patient experience. A breakout of the outdated patient exam/care stations includes: 2 triage

areas/rooms, 2 secure rooms, 2 trauma rooms, 2 cardiac rooms, 1 orthopedic room, 1 ENT room, 7 exam rooms – as well as 3 curtained stretcher bays and 4 hallway stretchers for use if ever needed.

Many issues and deficiencies were confirmed by an independent facility planning expert during the CMC Master Facility Planning process that occurred in 2014. Highlights include the following:

- Too few treatment rooms to meet current community needs and anticipated future demand
- Outdated treatment areas that do not meet current standards and expectations
  - *For example, some of commonly used rooms in the existing CMC Emergency Department are only 70-80 square feet, significantly smaller than the new/current AIA minimum standard of 100 square feet – and much smaller than the more modern functional space allocation of 120-140 square feet per room, a standard commonly used in emergency room plans today.*
- Severe lack of clinical and operational support space such as storage, staff support and work areas, etc.
- Shortage of public intake space, waiting space, and modern amenities
- Inadequate security space, a very important issue in the modern ER
- Poor central administrative efficiency and access relative to patient care areas
- Overall general layout and functionality of the current floor plan is very poor

The proposed project will create a modern Emergency Department for Cumberland Medical Center (CMC) on an easily accessible ground floor that will include approximately 17,621 total square feet. The project involves: 1) renovation of existing space (12,954 square feet); 2) immediately adjacent construction of new space (4,667 square feet) to allow expansion to address confirmed short-term and long-term needs; 3) a new main entrance canopy; and 4) a new ambulance canopy.

The existing building space to be renovated and expanded will be available due to the relocation of an older outpatient rehabilitation area. The CMC campus is 11.5 acres, offering plenty of space for the expansion of an existing building into one of the community hospital's parking areas next to the proposed renovation/construction site. New construction associated with the project will occur to the immediate North of the existing building and become an extension of the current structure.

The proposed project will create a <u>total of 25 new patient exam/care stations</u> that will meet all modern hospital codes applicable to an emergency department and address expectations of many key stakeholders:

- 2 Triage Rooms
- 2 Secure/Psych Rooms
- 2 Trauma Rooms
- 2 Cardiac Care Rooms
- 1 ISO/ENT Room
- 1 Bariatric Exam Room
- 15 Exam Rooms

The new Emergency Department will create a modern new clinical environment for patient care – and will accommodate any anticipated short-term and long-term demand by adding needed capacity and allowing increased operational efficiencies. With recent Emergency Department volumes exceeding 35,000 annual visits, the 18 exam/care rooms are stretched to capacity. Using a 1,500 – 2,000 visit/room annual volume ratio CMC is already at the 2,000 end of this planning range. The Master Facility Plan consultants recommended 21/22 exam/treatment rooms (including 2 trauma and 2 cardiac rooms) excluding Triage and Secure Rooms – which would bring the total new patient exam/care stations to 25. As proposed, this project will address current needs and allow growth to accommodate approximately 40,000 annual patient encounters in the future. Moreover, the project will bring the annual visit ratio down to about 1,750/room based upon 21 base treatment rooms, more consistent with modern efficiency and patient satisfaction standards.

Additional project highlights to enhance the overall CMC patient care environment and address concerns/deficiencies include the following:

- Modern emergency department rooms and clinical support areas are critical component of this project – and will greatly improve management of patients within a patient-centered care model that provides family-friendly settings; addresses HIPAA, privacy, and confidentiality issues; improves patient, physician, and staff satisfaction; creates needed operational efficiencies; and meets current AIA guidelines for community hospital facilities to optimize patient care, satisfaction, and safety.
- Considering the growing use of ancillary equipment to augment new clinical techniques, the demand for space to store needed items when not in use is at a premium. As important as availability of space, is the proximity of that space. The design for this project will allow staff support and storage space in core locations to allow for optimal efficiency in the movement of staff and supplies.
- The project's many information technology (IT) enhancements represent a significant investment to improve CMC's overall patient care environment as well – and will allow better operational coordination with the other established service lines of CMC and will improve virtual connectivity for affiliated providers in the region, including many physicians and other Covenant Health entities.
- Significantly improved patient triage, waiting, registration, and discharge areas will improve accessibility for patients and other visitors.
- The project will improve signage and security support space for the Emergency Department.
- The project allows ongoing appropriate access to CMC's medical imaging, cardiac services, surgery, and other important clinical areas.
- The new Emergency Department will be supported by new electrical systems, HVAC units, and related physical plant and engineering infrastructure. In addition to providing a much better care setting for patients and physicians, such will reduce the need for costly ongoing capital expenditures that would be required to maintain the existing Emergency Department for continued use.
- Clinical equipment needs for this project are limited to items standard for high quality emergency room operations in a community hospital. However, no "major medical equipment" acquisitions are needed since much of the existing equipment has been replaced or upgraded in recent years and will continue to be utilized for at least the

first few years of the project. The project will not add any new covered "healthcare services" that would require a CON. Any additional "moveable equipment" needed for the project is covered as appropriate in the *Project Cost Chart*.

- **The facility design will address all capacity needs for the current 3-5 year planning horizon and beyond – better accommodating Emergency Department patient volumes during anticipated "peak times" and providing capacity to effectively handle up to 40,000 visits annually if ever needed.**
- **The project better prepares the CMC campus to allow other efficient and cost effective modifications if/when needed and appropriate.** *(Please note: anticipated utilization of existing building space to be vacated by the current Emergency Department is addressed in the long-range planning section of the CON application below: Section C.2.)*

The existing CMC Emergency Department will remain fully operational until the proposed project has been completed. Developing a new "replacement" Emergency Department will minimize operational disruption (and related economic challenges) during construction.

The design and construction of the new CMC Emergency Department will be in accordance with all applicable State, Federal, and Local codes and standards. All estimated construction costs for this project have been deemed reasonable by independent architects and construction professionals.

See Attachment C.1.b.3.a-b. – Master Facility Planning Consultant Letter

c. Applications that include a Change of Site for a proposed new health care institution (one having an outstanding and unimplemented CON), provide a response to General Criterion and Standards (4)(a-c) of the Guidelines for Growth.

Not applicable.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

The proposed facility construction, renovation, expansion, and enhancements outlined for this project to replace the CMC Emergency Department is the most critical and urgent long-range priority for CMC identified by the most recent CMC Strategic Plan and CMC Master Facility Plan. Combined, these two major long-range evaluation and planning efforts, which have been completed since CMC officially joined Covenant Health on February 1, 2014, confirmed many long-perceived needs that can be addressed by a modern new Emergency Department at CMC to better serve the communities in Cumberland County.

As part of its ongoing planning efforts, Cumberland Medical Center (CMC) has always evaluated evolving community needs for inpatient, outpatient, emergency, and physician services in the region. This current project represents an orderly and timely continuation of such CMC plans to maintain high quality and accessible services most needed within the project service area.

The primary goal of the proposed project is to simultaneously improve both the overall clinical care environment of the hospital and to improve access to Emergency Services for both patients and physicians in the project service area by modernizing and expanding the CMC Emergency Department in an orderly, timely, and efficient manner. Consistent with the community-oriented mission of CMC, the hospital seeks to strengthen its historical commitment and recognized value as a leading provider of high quality patient care for the people who reside within region – and for the many people who visit Cumberland County for various reasons. The proposed project promotes such important planning goals by assuring continued and improved access to clinical care settings and related technology for patients in the service area. The proposed project will allow CMC to better serve its patients, improve key clinical performance outcomes, and reduce patient burdens while improving operational efficiencies, patient and physician satisfaction, and overall continuum of care coordination.

Additionally, the development of this project is critical for CMC since the Emergency Department represents a major portal to many of the hospital's other inpatient and outpatient services. In many respects, the Emergency Department is the "front door" of the community hospital to many patients who seek hospital care in Cumberland County.

Developing a new "replacement" Emergency Department will minimize operational disruption (and related economic challenges) during planned construction since the existing CMC Emergency Department will remain fully operational for patient care until the proposed project has been completed. At that time, the space to be vacated by the current Emergency Department will be available to address other space needs of the hospital over time. Currently, it is anticipated that the large amount of vacated space could be made ready via modest renovations to create a new outpatient rehabilitation setting *(another key area of need identified in the CMC master facility plan – which will be moved to an appropriate temporary space while the new Emergency Room construction is underway, most likely a vacant physician office space)* **– and possibly to provide a better and more accessible setting for CMC's cardiac rehabilitation services** *(which are currently located on the 2nd floor of the hospital – such relocation to the vacated space would allow the cardiac rehabilitation area to be more accessible to cardiac rehab patients while freeing up limited and premium space on the 2nd floor for possible long-term needs of the cardiac care, ICU, and step down units now on the 2nd floor).* **Other services that might be considered for relocation to the vacated space at some point in the future may include CMC's Sleep Center, Respiratory Therapy, Occupational Therapy, Speech Therapy, etc. Such possible future transitions would be efficient, cost effective, and subject to all CON requirements.**

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

The vast majority of CMC patients reside in Cumberland County, Tennessee. CMC is the only hospital within Cumberland County – and has been serving residents of Cumberland County for more than 65 years. Historically, more than 80% of All CMC Patients *(and more than 80% of All Emergency Room Patients)* have been residents of Cumberland County. Therefore, the appropriate proposed service area for this project is Cumberland County from a traditional planning perspective.

See Attachment C.3. – Service Area Maps

The proposed new Emergency Department will enhance convenience, access, and clinical technologies for CMC patients living and working within the service area that is marked by a growing and aging population, including many retirees. The service area is also marked by relatively low median income levels, a significant level of TennCare enrollment, and many individuals living under the poverty level. The project will help CMC better address ongoing needs for emergency care services related to the many residents and visitors of Cumberland County.

The proposed service area for this Emergency Department project is reasonable since the geography is consistent with the counties of patient origin for CMC: 1) Total Emergency Room Patients; 2) Total Outpatients; and 3) Total Inpatients. Additionally, the proposed service area is consistent with the primary geography of patient origin for many key physicians who care for patients in (or make referrals to) the CMC Emergency Department.

In 2014, CMC received most of its Total Emergency Room Patients from the project service area.

CMC – 2014 *Total Emergency Room (ER) Patients* by County

CMC ER Patient Origin	County	% of Total	Cumulative %
Primary *(0-50%)*	Cumberland	81%	81%
Secondary *(50-80%)*	Cumberland	81%	81%
Tertiary (80-100%)	All Others	19%	100%

Source: Internal Records – CMC

In 2014, CMC received most of its Total Outpatients from the project service area.

CMC – 2014 *Total Outpatients (OP)* by County

CMC OP Origin	County	% of Total	Cumulative %
Primary *(0-50%)*	Cumberland	81%	81%
Secondary *(50-80%)*	Cumberland	81%	81%
Tertiary (80-100%)	All Others	19%	100%

Source: Internal Records – CMC

In 2014, CMC received most of its Total Inpatients from the project service area.

CMC – 2014 *Total Inpatients (IP)* by County

CMC IP Origin	County	% of Total	Cumulative %
Primary *(0-50%)*	**Cumberland**	**79%**	**79%**
Secondary *(50-80%)*	**Cumberland**	**79%**	**79%**
Tertiary (80-100%)	**All Others**	**21%**	**100%**

Source: Internal Records – CMC

4. A. 1) Describe the demographics of the population to be served by this proposal.

Project Service Area: Cumberland County – Total Population Projections

Project Service Area	2014 Total Population	2015 Total Population	2016 Total Population	2017 Total Population	2018 Total Population	2019 Total Population	2020 Total Population
Cumberland County	57,815	58,340	58,913	59,573	60,292	61,077	61,933
State of Tennessee	*6,588,698*	*6,649,438*	*6,710,579*	*6,772,022*	*6,833,509*	*6,894,997*	*6,956,764*

Source: Tennessee Department of Health (TDH), Division of Health Statistics (6-2013 Revision)
Website: http://health.state.tn.us/statistics/quickfacts.htm

The Total Population estimate for Cumberland County in 2015 is 58,340 which is expected to increase to 59,573 by 2017, the first full year of the project (2.1 % increase for Cumberland County vs. 1.8% for Tennessee).

Project Service Area: Cumberland County – Age 65+ Population Projections

Project Service Area	2014 65+ Population	2015 65+ Population	2016 65+ Population	2017 65+ Population	2018 65+ Population	2019 65+ Population	2020 65+ Population
Cumberland County	15,838	15,895	15,852	15,750	15,630	15,456	15,306
State of Tennessee	*981,984*	*1,012,937*	*1,042,071*	*1,072,143*	*1,102,413*	*1,134,565*	*1,168,507*

Source: Tennessee Department of Health (TDH), Division of Health Statistics (6-2013 Revision)
Website: http://health.state.tn.us/statistics/quickfacts.htm

In 2015, 27.2% of the Cumberland County Total Population estimate is Age 65+. This estimate is significantly higher than the 15.2% Age 65+ estimate for Tennessee.

In 2017 (the first full year of the project), Cumberland County (26.4%) still will have a significantly higher estimated percentage of Age 65+ residents than Tennessee (15.8%).

2) Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each country in your proposed service area:

Demographic Variable/ Geographic Area	**Cumberland County**	*County B, etc.*	**Service Area Total** *(Cumberland Co.)*	***State of TN Total***
Total Population – Current Year (2015)	58,340	*N/A*	58,340	*6,649,438*
Total Population – Projected Year (2017)	59,573	*N/A*	59,573	*6,772,022*
Total Population - % Change (2015-2017)	2.1%	*N/A*	2.1%	*1.8%*
*Target Population – Current Year (2015)	15,895	*N/A*	15,895	*1,012,937*
*Target Population – Projected Year (2017)	15,750	*N/A*	15,750	*1,072,143*
Target Population - % Change (2015 to 2017)	-0.9%	*N/A*	-0.9%	*5.8%*
Target Population – Projected Year as % of Total (2017)	26%	*N/A*	26%	*16%*
Median Age (2010)	48.3	*N/A*	48.3	*38.0*
Median Household Income (2009-2013)	$37,188	*N/A*	$37,188	*$44,298*
TennCare Enrollees (November 2014)	11,479	*N/A*	11,479	*1,324,208*
TennCare Enrollees as % of Total (November 2014)	19.7%	*N/A*	19.7%	*19.9%*
Persons Below Poverty Level	10,268	*N/A*	10,268	*1,170,301*
Persons Below Poverty Level as % of Total (2009-2013)	17.6%	*N/A*	17.6%	*17.6%*

Source: Tennessee Department of Health (TDH), Division of Health Statistics (6-2013 Revision)
Source: U.S. Census Bureau – State and County Quick Facts (March 2015)
Source: TennCare Bureau Website – TennCare Enrollment Data (November 2014)

**Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for the discontinuance of OB services would mainly affect Females Age 15-44; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. For projects not having a specific target population use the Age 65+ population for the target population variable.*

4. B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Documents how the business plans of the facility will take into consideration the special needs of the service area population.

The proposed new Emergency Department will enhance care quality, convenience, access, and technology for CMC patients living and working within the project service area. The proposed project will serve the growing and aging population of Cumberland County, as well as other patients who reside in nearby areas in the region that may seek care at CMC.

The project service area reflects considerable demographic and socioeconomic diversity. The planned project will improve care settings, access, and technologies for many patients who need clinical care for emergency conditions.

Elderly (Age 65+):

Maintaining and improving Emergency Department services in Cumberland County will be beneficial to the growing elderly population of the project service area.

Within Cumberland County (Project Service Area), there is a greater percentage of individuals who are over 65 years of age when compared to the State of Tennessee as a whole:

- **In 2015, 27.2% of the Cumberland County Total Population estimate is Age 65+. This estimate is significantly higher than the 15.2% Age 65+ estimate for Tennessee.**
- **In 2017 (the first full year of the project), Cumberland County (26.4%) still will have a significantly higher estimated percentage of Age 65+ residents than Tennessee (15.8%).**
- **The median age of Cumberland County residents is 48.3, significantly higher than the median age of all Tennessee residents (38.0)**

It is generally acknowledged that the incidence of many illnesses, medical conditions, and need for clinical services increases with increasing age. The benefits of this project should be realized significantly by the Age 65+ population in the service area. The new CMC Emergency Department will be located at the convenient and well-known main hospital campus in Crossville, Tennessee – which has adequate parking, support functions, accessibility, and amenities to address elderly patient needs. Additionally, nursing homes and other providers in the region will benefit from the new CMC Emergency Department as they coordinate care for their patients.

This project assumes that many of CMC's Emergency Department patients will continue to be Medicare enrollees, consistent with the historical utilization of such services at CMC. It is anticipated that the total number of Medicare patients that utilize Emergency Department services at CMC may increase over time with improved access, convenience, and other benefits that will be created by the project.

Low-income Groups:

As indicated on the following chart, the median household income in Cumberland County ($ 37,188) is less than the median household income for the State of Tennessee as a whole ($ 44,298). A significant percentage of the Cumberland County is living below the poverty level (17.6%, which is the same as for Tennessee).

	Median household income, 2009-2013	Persons below poverty level, percent, 2009-2013
Project Service Area Cumberland County	$37,188	17.6%
State of TN	*$44,298*	*17.6%*

Source: U.S. Census Bureau – State and County Quick Facts (March 2015)

CMC is a not-for-profit community hospital that will continue to serve all patients regardless of race, ethnicity, gender, age, or income level.

TennCare Enrollees:

As indicated in the following chart, almost 20% of the total Cumberland County population is enrolled in TennCare (19.7% for Cumberland County). Emergency Services are accessible and utilized by TennCare enrollees at relatively high levels compared to some other populations.

	Female Total	Male Total	Grand Total	Percent Enrolled
Project Service Area Cumberland County	6,535	4,944	11,479	19.7%
State of TN	*766,798*	*557,410*	*1,324,208*	*19.9%*

Source: TennCare Bureau Website – TennCare Enrollment Data as of November 2014

CMC is a contracted provider in all TennCare plans in the region, so the service will be available to all TennCare enrollees to the extent approved by the TennCare MCOs. In 2014, TennCare patients represented 26.9% of CMC's Total Emergency Department Patients – and 14.3% of CMC's Total Patients.

This project assumes that many of CMC's Emergency Department patients will continue to be TennCare enrollees, consistent with the historical utilization of such services at CMC. It is anticipated that the total number of TennCare patients that utilize Emergency Department services at CMC may increase over time with improved access, convenience, and other benefits that will be created by the project.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. Projects including surgery should report the number of cases and the average number of procedures per case.

Cumberland Medical Center is the only hospital in the service area – and the only licensed and certified healthcare institution existing in the project service area that provides comprehensive community emergency services. Additionally, there are no "approved but unimplemented CONs" for emergency or related services in the project service area.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

The utilization of the CMC Emergency Department for the past five years is summarized in the chart below:

Historical Annual Utilization	2010	2011	2012	2013	2014
Emergency Department Visits	31,092	33,930	35,204	32,829	32,358

The anticipated annual utilization for each of the two years of operations occurring during the development of the project is summarized in the chart below:

Projected Annual Utilization	2015*	2016**
Emergency Department Visits	32,247	32,409

** Conservative 2015 projections include a small decrease (-111 visits; less than 1%) in total visits in 2014 while operations in the existing Emergency Department continue.*
*** Conservative 2016 projections include a small increase (+ 162 visits; less than 1%) over 2015 projections back toward utilization levels experienced in 2012-2014 – mainly attributable to demographic and medical staff considerations, the opening of the new Emergency Department during 2016, etc.*

The projected annual utilization for each of the first two full calendar years following completion of the project is summarized in the chart below:

Projected Annual Utilization	2017*	2018**
Emergency Department Visits	32,571	32,733

** Conservative 2017 projections include another modest increase (+ 162 visits; less than 1%) over 2016 projections during the first full year of operations in the new Emergency Department.*
*** Conservative 2018 projections include another modest increase (+162 visits; less than 1%) over 2017 projections – representing a stabilization of volumes back to just above the average annual visits in 2013-2014 (2018 = 32,733 visits, only 139 visits more than the 32,594 average annual visits for 2013-2014).*

Projected utilization methodology calculations, assumptions, and justifications for this proposed project are summarized below:

County of Patient Origin	*Approximate % of Total Cases*	Year One 2017	Year Two 2018
Cumberland *(PSA + SSA)*	85 %	27,685	27,823
Other TN Counties *(TSA: A)*	12 %	3,908	3,928
Out-of-State Visitors *(TSA: B)*	3 %	978	982
Total	100 %	32,571	32,733

Chart Notes and Key Assumptions:

- ***PSA** = Primary Service Area; **SSA** = Secondary Service Area; **TSA** = Tertiary Service Area*
- ***County of Patient Origin:*** please see both service area descriptions and justifications in Sections C.3 and C.4 for background information regarding anticipated geographies of patient origin that are reasonable for this project.
- **Out-of-State Visitors:** assumptions regarding CMC Emergency Department visitors from outside of Tennessee are consistent with CMC's experience in recent years (i.e. 2-4% annually); for example, 2.5% of all CMC Emergency Department patients in 2014 were out-of-state visitors.
- **All projections based upon historical experience at CMC**: demand for the proposed project is demonstrated by CMC's historical Emergency Department utilization statistics across many years, which have included more than 100,000 patients who sought care at the CMC Emergency Department during the past three years *(i.e. approximately 33,500 visits per year during 2012-2014)*. However, a slight increase in the "total number of patients" from Cumberland County (and the "percentage of total patients from Cumberland County") is expected over time due to the modern new Emergency Department at CMC for a few main reasons: 1) a modest reduction in emergency patient elopements related to facility designs that will allow improved efficiencies, service, patient experience, and reduced wait times; 2) strengthened perceptions across key stakeholder groups (i.e. community residents and visitors, referring providers, and EMS providers) related to the modern new Emergency Department; and 3) the anticipated presence of additional physicians who are expected to join the Medical Staff during the next few years to strengthen the overall service offerings and clinical capacity of CMC.
- Assumptions are consistent with data currently available on the Tennessee Department of Health website – which shows that most *Cumberland County Residents* who were either *"inpatients with emergency room services"* (77.8%) or *"outpatients with emergency room services"* (88.2%) used a hospital in Cumberland County (2012). Cumberland Medical Center is the only licensed hospital operating in Cumberland County. (http://health.state.tn.us/statistics/PdfFiles/ER_Dept_Visits_2012/ERReport12a.pdf)
- Please see additional project need justifications and related demand assumptions outlined in more detail within ***Section C: Need, Item I.b.3.a.*** of the CON application.

For a number of reasons, projected utilization for the project are believed to be conservative:

Baseline CMC Emergency Department Volumes:

Current estimates do not project Emergency Department utilization beyond CMC's highest historical levels during the past few years – but rather, projected utilization anticipates a stabilization and continuation of recently experienced patient care volumes. As indicated elsewhere in the CON application, demand for emergency services at CMC should increase over time after a modern Emergency Department at an optimal location in the service area becomes available to provided enhanced access and care efficiency to residents and visitors of Cumberland County.

Historical utilization data reflects some recent fluctuation of Emergency Department volumes at CMC during a significant transition period of the hospitals history, mostly attributable to the outdated facility attributes cited throughout the CON application, some related patient elopements due to patient care efficiency limitations, some medical staff capacity fluctuations, and other variables such as the seasonality and annual variability of some community illnesses and corresponding demand for medical services (influenza, etc.). From a planning perspective, it is important that CMC maintains capacity to address community needs adequately, effectively, and efficiently during both "normal volume" and "peak volume" periods as outlined in the facility plan designs.

Strong Support for the Project:

In addition to the medical staff, hospital staff, and leadership of CMC, many community leaders, referring providers, residents, and other stakeholders within Cumberland County strongly support the proposed project and believe that the presence of a new, state-of-the-art Emergency Department in Cumberland County will present a very attractive and convenient option to address many evolving healthcare needs in the service area. As a result, CMC's ongoing retention of Cumberland County residents for available services within the replacement Emergency Department is expected to increase toward higher historical levels during the first few years of operations and beyond. Additionally, the new Emergency Department will be an important platform for ongoing efforts to recruit and retain physicians and clinical staff needed within Cumberland County.

Service Area Demographics and Evolving Needs for Emergency Services:

Future CMC Emergency Department utilization assumptions recognize appropriate considerations regarding population growth and anticipated changes in the Cumberland County population over time. Maintaining historical utilization levels and modest projected growth for the first few years of the project will be supported by demographic considerations like the overall growth and continued aging of the Cumberland County population, possible increased access to health insurance coverage for some patient populations in the service area, and enhanced community and provider perceptions related to the many updates, upgrades, and/or long-overdue facility enhancements related to the project. Additionally, Emergency Department utilization will likely increase over time as CMC continues to strengthen patient care service offerings across major service lines and enhance the composition of the CMC Medical Staff to address evolving community needs locally.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

    - All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
    - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
    - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
    - For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

PROJECT COSTS CHART

A.		Construction and equipment acquired by purchase:	
	1.	Architectural and Engineering Fees	**$ 350,000**
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	**$ 5,000**
	3.	Acquisition of Site	-
	4.	Preparation of Site	**$ 167,669**
	5.	Construction Costs	**$ 4,619,638**
	6.	Contingency Fund	**$ 300,000**
*	7.	Fixed Equipment (Not included in Construction Contract)	-
* *	8.	Moveable Equipment (List all equipment over $50,000)	**$ 525,000**
	9.	Other (Specify) IT infrastructure	**388,075**
B.		Acquisition by gift, donation, or lease:	
	1.	Facility (inclusive of building and land)	-
	2.	Building only	-
	3.	Land only	-
	4.	Equipment (Specify)	-
	5.	Other (Specify) _____	-
C.		Financing Costs and Fees:	
	1.	Interim Financing	-
	2.	Underwriting Costs	-
	3.	Reserve for One Year's Debt Service	-
	4.	Other (Specify) _____	-
D.		Estimated Project Cost (A+B+C)	**$ 6,355,382**
E.		CON Filing Fee	**$ 14,300**
F.		Total Estimated Project Cost (D+E) **TOTAL**	**$ 6,369,682**

* *Utilizing current GAAP guidelines, there are no fixed equipment costs for this project beyond what will be included in the construction contract.*

* * *There are no new moveable equipment items for this project that will exceed $ 50,000.*

2. Identify the funding sources for this project.

   Please check the applicable item(s) below and briefly summarize how the project will be financed. *(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)*

___ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

___ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

___ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.

___ D. Grants--Notification of intent form for grant application or notice of grant award; or

_X_ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

___ F. Other—Identify and document funding from all other sources.

Covenant Health, the parent company of Cumberland Medical Center, has sufficient cash reserves to complete the proposed project in its entirety at the estimated total project cost of $ 6,369,682 for certificate of need purposes.

See Attachment C, Economic Feasibility, 2 – Documentation of Funding Type

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The total estimated cost of construction for the new CMC Emergency Department project is $ 4,619,638, not including budgeted contingency shown on line A.6. of the Project Cost Chart. As outlined in the *Square Footage and Cost per Square Footage Chart*, the Total Construction Cost Estimate is $ 262.17 per square foot to create the new Emergency Department, including new construction (4,667 sq/ft expansion) and renovation construction (12,954 sq/ft of existing space) combined.

The estimated total costs of construction for this project are reasonable considering a comparison to the total cost per square foot of construction for other hospital projects approved by the Tennessee Health Services and Development Agency.

HSDA: Hospital Construction Cost Per Square Foot
Years: 2011 – 2013

	Renovated Construction	New Construction	Total Construction
1st Quartile	$107.15/sq ft	$235.00/sq ft	$151.56/sq ft
Median	$179.00/sq ft	$274.63/sq ft	$227.88/sq ft
3rd Quartile	$249.00/sq ft	$324.00/sq ft	$274.63/sq ft

Source: Information available via HSDA Staff on 03/23/14, representing CON approved applications for years 2011 through 2013.

** Additional Note: The estimated total construction cost for the St. Thomas Midtown Hospital Emergency Department CON heard in on March 25, 2015 was $ 290 per square foot. The estimated total construction cost for the Tristar Southern Hills Medical Center Emergency Department CON heard in on March 25, 2015 was $ 350 per square foot. The CMC Emergency Department project's estimated total cost of construction compares favorably to costs outlined in each of these two CON applications – which are the two most recent Emergency Department CON projects reviewed by the HSDA.*

The design and construction of the new CMC Emergency Department will be in accordance with all applicable State, Federal, and Local codes and standards. All estimated construction costs for this project have been deemed reasonable by independent architects and construction professionals.

See Attachment B.II.A.1. – Architect and Contractor Letters

4. Complete Historical and Projected Data Charts on the following two pages – *Do not modify the Charts provided or submit Chart substitutions!* Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

   The following two pages contain: 1) the completed Historical Data Chart for Cumberland Medical Center and 2) the Projected Data Chart for the proposed project.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

   The project's average projected gross charge, average estimated deduction from operating revenue, and average projected net charge are presented below. No adjustments for inflation are assumed.

   Average Projected "Gross Charge" = $ 716
   Average Estimated "Deduction" = $ 480
   Average Projected "Net Charge" = $ 236

HISTORICAL DATA CHART

Information for the last three (3) years of complete data. The fiscal year begins in **January**.

		Year 2012	Year 2013	Year 2014
A.	Utilization Data: **Admissions** *(ER Visits)*	**5,202** *(35,204)*	**5,068** *(32,829)*	**5,720** *(32,358)*
B.	Revenue from Services to Patients			
1.	Inpatient Services	86,495,390	87,237,648	94,291,857
2.	Outpatient Services	148,426,776	148,982,560	147,208,167
3.	Emergency Services	25,143,046	23,365,254	23,425,733
4.	Other Operating Revenue: *(meaningful use funds, wellness program, rent income, etc).*	8,464,316	5,317,474	1,821,205
	Gross Operating Revenue	268,529,529	264,902,936	266,746,962
C.	Deductions from Gross Operating Revenue			
1.	Contractual Adjustments	160,606,214	160,573,121	167,340,990
2.	Provision for Charity Care	1,898,966	2,118,961	2,304,579
3.	Provisions for Bad Debt	9,651,755	7,009,280	11,944,094
	Total Deductions	**172,156,934**	**169,701,363**	**181,589,663**
NET OPERATING REVENUE		**96,372,594**	**95,201,573**	**85,157,299**
D.	**Operating Expenses**			
1.	Salaries and Wages	44,639,939	42,844,754	40,608,730
2.	Physician's Salaries and Wages	7,155,085	7,364,784	7,901,206
3.	Supplies	13,453,659	13,165,768	13,033,503
4.	Taxes	4,024,835	4,040,567	(1,854,659)
5.	Depreciation	5,809,370	6,411,165	6,044,905
6.	Rent	736,885	1,104,857	823,258
7.	Interest, other than Capital	2,093,541	2,004,611	1,641,845
8.	Management Fees			
	a. Fees to Affiliates	-	-	165,000
	b. Fees to Non-Affiliates	-	-	-
9.	Other Expenses: *(routine maintenance; travel, education, training; misc. services; utilities; phone/IT infrastructure; professional fees; etc.)*	18,853,149	19,301,127	18,698,340
	Total Operating Expenses	**96,766,462**	**96,237,632**	**87,062,127**
E.	**Other Revenue (Expenses) – Net:** *(grants, interest income, etc.)*	748,779	3,293,490	2,519,520
NET OPERATING INCOME (LOSS)		**354,911**	**2,257,431**	**614,691**
F.	Capital Expenditures			
1.	Retirement of Principal			
2.	Interest	1,023,626	1,999,177	1,648,734
	Total Capital Expenditures			
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**(668,715)**	**258,254**	**(1,034,043)**

PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. Fiscal year begins in **Jan.**

		2017	2018
A.	Utilization Data **(Emergency Department Visits)**	32,571	32,733
B.	Revenue from Services to Patients		
1.	Inpatient Services	0	0
2.	Outpatient Services	0	0
3.	Emergency Services*	23,342,927	23,388,226
4.	Other Operating Revenue (Specify) _____	0	0
	Gross Operating Revenue	**23,342,927**	**23,388,226**
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	14,643,947	14,643,947
2.	Provision for Charity Care	184,489	184,847
3.	Provisions for Bad Debt	833,962	835,581
	Total Deductions	**15,662,399**	**15,664,375**
NET OPERATING REVENUE		**7,680,528**	**7,723,851**
D.	Operating Expenses		
1.	Salaries and Wages	2,670,595	2,717,497
2.	Physician Salaries and Wages		
3.	Supplies	242,428	248,512
4.	Taxes		
5.	Depreciation		
6.	Rent		
7.	Interest, other than Capital		
8.	Management Fees		
	a. Fees to Affiliates *(no mgt fees directly linked to ED)*	**0**	**0**
	b. Fees to Non-Affiliates	**0**	**0**
9.	Other Expenses *(routine repairs, travel, education, dues, etc.)*	15,782	16,571
	Total Operating Expenses	**2,928,804**	**2,982,581**
E.	Other Revenue (Expenses) – Net (Specify)		
NET OPERATING INCOME (LOSS)		**4,751,723**	**4,741,270**
	Capital Expenditures		
1.	Retirement of Principal	0	0
2.	Interest	0	0
	Total Capital Expenditures	**0**	**0**

NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	**4,751,723**	**4,741,270**

** Emergency Services Revenue includes revenue from Emergency Department Outpatient Visits and any appropriate Emergency Department charges before inpatients are admitted.*

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Supplemental PROJECTED DATA CHART for Hospital ~~2017-2018~~

Give information for the two (2) years following completion of this proposal. Fiscal year begins in Jan.

		2017	2018
A. Utilization Data			
Admissions		5,927	5,986
ER Visits		32,571	32,733
B. Revenues from Services to Patients			
1. Inpatient Services		98,241,848	99,224,267
2. Outpatient Services		146,417,443	147,145,686
3. Emergency Services		23,342,927	23,388,226
4. Other Operating Revenue: (meaningful use, wellness, rent, etc.)			
	Gross Operating Revenues	268,002,218	269,758,179
C. Deductions from Gross Operating Revenue			
1. Contractual Allowances		168,128,462	169,230,046
2. Provision for Charity Care		2,315,424	2,330,595
3. Provision for Bad Debt		12,000,300	12,078,927
	Total Deductions	182,444,186	183,639,568
NET OPERATING REVENUE		**85,558,032**	**86,118,611**
D. **Operating Expenses**			
1. Salaries and Wages		42,555,530	42,109,847
2. Physician's Salaries and Wages		936,452	945,816
3. Supplies		12,301,302	12,244,324
4. Taxes		110,123	112,326
5. Depreciation		6,721,216	6,990,065
6. Rent		481,248	490,873
7. Interest, other than Capital		1,051,545	1,041,030
8. Management Fees			
a.Fees to Affiliates		2,000,000	2,000,000
b.Fees to Non-Affiliates			
9. Other			
a.Routine Maintenance		876,378	902,670
b.Utilities		1,518,684	1,564,245
c.Rentals and Leases		530,843	546,768
d.Benefits		6,665,491	6,865,456
e.Purchased Services		5,382,273	5,543,741
f.Insurance		1,499,178	1,544,154
g.Professional Fees		939,076	967,249
h.Travel, education, training, other		1,947,817	2,006,251
	Total Operating Expenses	**85,517,157**	**85,874,813**
E. Other Revenue (Expenses)-Net		925,346	971,613
NET OPERATING INCOME (LOSS)		**966,221**	**1,215,411**
F. Capital Expenditures			
1.Retirement of Principal			
2.Interest		1,072,896	1,072,896
	Total Capital Expenditures		
NET OPERATING INCOME (LOSS LESS CAPITAL EXPENDITURES		(106,675)	142,515

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

The average projected gross charge, average projected deduction from operating revenue, and average projected net charge for the two years following the completion of this proposed project are presented below:

Average Projected "Gross Charge" = $ 716
Average Estimated "Deduction" = $ 480
Average Projected "Net Charge" = $ 236

These estimates for the proposed project are consistent with the actual experience of CMC and Covenant Health (the parent company of CMC) for its existing emergency department operations prior to the filing of this CON application. There are no projected increases to these proposed charges during the first two years of the project.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The "average gross charge" per Emergency Department visit when the project is completed and services begin is estimated to be $ 716 – with average deduction from operating revenue estimated at $ 480 and average "net charge" (or net revenue) estimated at $ 236.

These estimates for the proposed project are consistent with the current charges of CMC for its existing emergency department services prior to the filing of this CON application.

Currently, the Medicare allowable fees for most emergency department visits at community hospitals like CMC are $ 53.61 - $ 582.24 (depending upon visit level and the other charges on the claim being processed).

CPT Code	Charge Description	Medicare Allowable	CMC Charge
99281	ER LEVEL I E&M LTMD/MINOR	$53.61	$237.00
99282	ER LEVEL II E&M LOW/MOD	$99.96	$295.00
99283	ER LEVEL III E&M MOD SEVERITY	$175.84	$655.00
99284	ER LEVEL IV E&M HIGH/URGENT	$295.85	$717.00
99285	ER LEVEL V E&M HIGH/SIG THREAT	$436.67	$894.00
99291	LEVEL VI CRITICAL CARE 1ST 30-74 MIN	$582.24	$1,901.00

There are no other hospital emergency departments or similar facilities within the project service area. However, the proposed charges for the new CMC Emergency Department seem reasonable when compared to proposed charge information found within the most recent hospital emergency room CON applications filed and reviewed in Tennessee.

Hospital Emergency Department Services	*Estimated Average Gross Charge Emergency Department*
St. Thomas Midtown Emergency Department (CN1412-049)	**$ 2,410**
Tristar Southern Hills Emergency Department (CN1412-050)	**$ 3,684**

Source: HSDA staff summaries of the two most recent ER CON projects in Tennessee (2015)

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

The proposed project is both cost-effective and viable. Anticipated utilization rates are sufficient to produce positive cash flow for the project in Year 1 and Year 2 – and will be sufficient to maintain operations over time. Additionally, CMC anticipates that a positive Net Operating Income will be achieved for each year of the project, beginning in Year 1.

Projected Annual Utilization	Year 1	Year 2
Emergency Department Visits	32,571	32,733
Financial Feasibility		
Net Operating Revenue	7,680,528	7,723,851
Net Operating Income	4,751,723	4,741,270

Beyond initial conservative projections, it is expected that Emergency Department utilization in the region may actually grow modestly in the foreseeable future due to demographic factors and increasing demand across the region over time.

CMC will continue to serve all patients regardless of race, ethnicity, age, gender, or income level.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

The proposed project is economically feasible and viable. The positive cash flow projected for each year of the project will be sufficient to maintain operations over time – and CMC anticipates that a positive Net Operating Income will be achieved within each year of the project, beginning in Year 1.

The direct capital expense to CMC (i.e. Covenant Health) for the proposed project is both limited and reasonable. Regardless, the applicant has adequate financial resources to cover the entire cost of the project as a Covenant Health affiliate.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Historically, CMC has provided a significant level of care to patients participating in TennCare and Medicare funded programs. The proposed Emergency Department project assumes that participation in these government sponsored programs will continue at levels similar to those experienced historically.

The following table projects the estimated dollar amount of gross revenue associated with patients covered by these two government programs.

First Full Year of Operation (2017)		
	Estimated Gross Revenue	**% of Gross Revenue**
TennCare	**$ 5,762,244**	**25%**
Medicare	**$ 9,434,029**	**40%**

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

See Attachment C, Economic Feasibility, 10 – Financial Statements

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

    (a) A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

    (b) The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

The proposed project represents an optimal approach to replacing and upgrading the only existing hospital emergency department within the project service area. The project will dramatically improve CMC's hospital facility, clinical technologies, support infrastructure, operational efficiencies, and accessibility to meet evolving needs for emergency services within Cumberland County.

The development of the project as proposed is the most prudent community option because it reflects CMC's best opportunity to replace and upgrade a critical patient care environment that is outdated; improve capacity, accessibility, and efficiency for patients, physicians, and other stakeholders; and develop an attractive modern hospital Emergency Department within the service area in a manner that is orderly, timely, and economically feasible. Additionally, the proposed project will allow future use of the existing Emergency Department space to address other possible hospital service line needs in a cost effective manner once the new clinical environment is operational.

The proposed project will allow the existing CMC Emergency Department to remain fully operational until renovation, construction, and expansion efforts have been completed. Developing a new "replacement" Emergency Department as proposed will minimize operational disruption (and related economic challenges for CMC) during construction.

Other options considered include:

- ***Doing nothing to improve the CMC Emergency Department*** *– not considered a prudent option for all of the legitimate reasons that replacing and/or upgrading the CMC Emergency Department was identified as the most important priority for CMC in recent strategic planning and master facility planning processes that occurred in 2014. To summarize, the existing Emergency Department no longer provides the clinical care environment, operational efficiencies, and amenities needed within Cumberland County. Many key stakeholders agree that there is a clear and pressing need for a new, state-of-the-art Emergency Department at CMC. Maintaining the status quo would not address the evolving healthcare needs of Cumberland County residents and visitors on either short-term or long-range planning horizons. Moreover, continuing operations supported by only minor ongoing renovations and enhancements would be costly and disruptive – and would not be acceptable from patient care, provider efficiency, or economical standpoints.*

- ***Major renovation and upgrade of the existing CMC Emergency Department*** – *not considered a legitimate option due to space limitations and the significant cost and operational disruption associated with such a project. Existing Emergency Department operations and related performance metrics are hampered already by inefficient facility designs and capacity constraints. Additional disruptions and inefficiencies created by a major overhaul of the existing Emergency Department would have a compounding negative impact on patient care operations related to existing challenges and deficiencies – and would not be acceptable to patients, physicians, hospital staff, referring providers, and the communities served by CMC.*

- ***Replacement of the CMC Emergency Department with "all new construction" on the main hospital campus*** – *this option would address all of the challenges and deficiencies identified for the existing Emergency Department; however, a project involving all new construction (more than 15,000 square feet to address anticipated need) to replace the outdated Emergency Department would be more costly – and would involve using significantly more parking lot space needed for the hospital's main campus rather than utilization of another existing building that would otherwise be subject to major improvements to remain suitable for continued use long-term.*

- ***A slightly modified variation of the proposed CMC Emergency Department renovation, construction, and expansion project that would cost just under the current CON threshold of $ 5 Million*** – *this option of completing the needed project for about $ 1 Million less than currently planned would address many, if not most, of the major issues of the proposed project; however, such would not fully represent the optimal approach selected to address the long-term clinical, capacity, and infrastructure needs of CMC, the hospital's medical staff, and communities in the project service area.*

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Cumberland Medical Center (CMC) has contracts with the following managed care organizations and intends to contract with them for the proposed project as well:

Amerigroup – TennCare
Amerigroup – D-SNP
Amerigroup – Amerivantage Medicare
Beech Street
Blue Cross Blue Shield of TN – Commercial (Network P, Network S)
BlueCare/TennCare Select
BlueCare Plus D-SNP
Blue Cross Blue Shield of TN – Medicare Advantage PPO & HMO
CHA Provider Network – Commercial and Exchanges
CIGNA (Includes Great West) – Commercial
First Health - Commercial
Humana ChoiceCare – Commercial
Humana Medicare Advantage
Initial Group – Commercial
Multiplan – Commercial
National Provider Network – Commercial
NovaNet – Commercial - Network Lease
PHCS – Commercial
Preferred Health Network – Commercial
Prime Health – Commercial
Signature Health Alliance - Commercial
Tri-Care (Champus) – Military
United HealthCare – Commercial – "All Payer" Product
United HealthCare Medicare Advantage
United HealthCare Community Plan / TennCare
USA Health Network – Commercial

In addition to managed care contracts, the applicant will have appropriate transfer agreements and working arrangements with other hospitals and healthcare organizations, including the following:

East Tennessee Children's Educational Resource
East Tennessee Children's Hospital
Erlanger Health System
Good Samaritan Society
Hospice of Cumberland County

Jamestown Regional Hospital
Johnson City Medical Center
Life Care Center of Crossville
NHC Healthcare
Plateau Surgery Center
Saint Thomas Hospital
Seton Corp *(d.b.a. Baptist)*
Spring City Rehab
Standing Stone Healthcare
State of Tennessee – Region 4 Healthcare Coalition Mutual Aid Agreement
TC Thompson Children's Hospital
University of Tennessee Medical Center
University Health Systems
Wharton Nursing Home
Wyndridge
Hospice of Cumberland Co. Disaster Agreement
Vanderbilt
Vanderbilt Children's Hospital

Finally, as one of the newest affiliate organizations of Covenant Health, CMC will continue to strengthen its operational integration, clinical support infrastructure, and transfer arrangements to optimize benefits of CMC becoming part of a larger health system for residents and visitors needing emergency services in Cumberland County.

Claiborne Medical Center*
Fort Loudoun Medical Center*
Fort Sanders Regional Medical Center*
LeConte Medical Center*
Methodist Medical Center of Oak Ridge*
Morristown-Hamblen Hospital*
Parkwest Medical Center*
Peninsula Hospital*
Roane Medical Center*

* *Indicates licensed hospital facilities currently operated by Covenant Health*

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

The project will replace and upgrade the only existing hospital Emergency Department within Cumberland County on the well-known, centrally located, and accessible main campus of Cumberland Medical Center in Crossville, Tennessee. The proposed project will have a positive impact on the overall health care system in Tennessee because it creates significant improvements for an important and well-utilized community healthcare organization. The project creates major enhancements to CMC's patient care environment, clinical infrastructure, operational efficiency, and capacity to better serve residents and visitors in the service area over time. The project contributes to the orderly development of healthcare services for the region by improving CMC's ability to address many emergency care needs in Cumberland County – and by enhancing overall value of CMC as a community-based resource for other health services providers, payers, employers, stakeholder groups, and individuals in the service area.

The project will not have a negative effect on the service area – and does not create unnecessary duplication of healthcare services in the region. The project represents a logical, timely, and needed replacement of CMC's Emergency Department in an orderly manner.

The project will not adversely impact others within the project service area. Rather, the project will strengthen CMC's ability to deliver high quality, efficient, and accessible emergency services 24 hours each day, seven days a week – in a manner that will continue to complement other healthcare providers and resources in Cumberland County.

The new CMC Emergency Department will be accessible to all patients in the region. CMC is an important component of the TennCare provider network within the hospital's service area; moreover, as a not-for-profit community hospital, CMC serves all patients regardless of race, ethnicity, gender, age, or income level. CMC's long history reflects a proven commitment to ongoing investments in both clinical talent and medical technology needed to better serve the evolving needs and expectations of patients and providers within the region. This project is a continuation of that commitment, as CMC seeks to modify and improve its existing campus via construction, renovation, and expansion of its Emergency Department to better serve and benefit its patients, physicians, and the diverse communities of Cumberland County.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

The rates cited below represent average wages for existing staff employees. As cited in the chart footnote, the proposed clinical staff wage ranges are consistent with documented wage patterns from multiple sources. Existing hospital leadership will manage the new Emergency Department.

Staffing Pattern & Wage Comparisons*

Position	FTE's	Planned Wage at Estimated Market Rate	CMC Minimum	CMC Maximum
RN Staff Nurse**	20.0 FTE	$ 24.54 / hour	$ 16.39	$ 29.60
LPN	3.0 FTE	$ 16.99 / hour	$ 12.49	$ 19.72
Paramedic	1.0 FTE	$ 16.44 / hour	$ 12.49	$ 19.70
ED Tech	2.0 FTE	$ 10.06 / hour	$ 8.07	$ 11.95
HUC	4.0 FTE	$ 11.03 / hour	$ 9.26	$ 13.70
Social Worker /Discharge Planner	2.5 FTE	$ 20.28 / hour	$ 14.31	$ 27.64

** Represents existing hospital staff within the CMC Emergency Department to be used for the new project*
*** The RN staff has a wide range because they are classified into three categories*

Source notes: on behalf of its affiliates, including CMC, and for clinically-oriented positions, Covenant Health currently subscribes to and/or participates in the following salary survey sources and might use them individually or in combination to ascertain and establish market competitive salary levels: Tennessee Hospital Association Annual Salary Survey, W.M. Mercer - Integrated Health Network Annual Salary Survey; Towers Watson - Hospital & Healthcare Management Compensation Report; Towers Watson - Hospital & Healthcare Professional, Nursing, & Allied Services Compensation Report; Hospital & Healthcare Comp Services – Homecare Salary and Benefits Survey; Sullivan, Cotter & Associates – Hospital & Healthcare Manager & Executive Comp Survey; Economic Research Institute - Complete Consultant Series (Salary Assessor, Executive Comp Assessor, Geographic Assessor).

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

   The proposed project will utilize existing Emergency Department leadership and staff from CMC. Additionally, there are no current indications that the required employees for this project will be difficult to identify, hire, develop and/or retain over time. CMC and Covenant Health have a proven track record of finding, hiring, developing, and retaining excellent clinical staff across key service lines in conjunction with affiliated physicians.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

   The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (*e.g.,* internships, residencies, etc.).

   All Covenant Health affiliated entities, including CMC, have a strong history of training many students in clinical areas that enhance community healthcare within Tennessee. It is likely that the proposed project will benefit from and participate with such ongoing training efforts and relationships with training programs in the region.

   Examples of current CMC affiliations that support the ongoing education and training of students pursuing careers related to healthcare services include the following:

   - **Belmont University:** Physical Medicine
   - **Chattanooga State Radiation Therapy:** Cancer Center
   - **Cumberland County Schools (HOSA):** Nursing
   - **East Tennessee State University:** Nursing
   - **Edward College Osteopathic Medicine:** Emergency Department
   - **Fortis Institute:** Surgery, Lab, Pharmacy
   - **Lincoln Memorial University (LMU) Medical Students:** Executive Office
   - **Milligan College:** Physical Medicine
   - **Nashville State Community:** Physical Medicine
   - **Roane State Community College:** Nursing, EMT/Paramedic, HIM, Massage Therapy, Transcription. OTA, PTA, Pharmacy Tech, Polysomonography, Radiology, Respiratory, Ultrasound
   - **South College:** Pharmacy, Physical Medicine, Nursing
   - **Southern Adventist School of Nursing:** Nursing
   - **Tennessee Technology Center (Tennessee College of Applied Technology):** Nursing

- **Tennessee Technological University, Cookeville:** Nursing
- **University of Tennessee, Knoxville:** Nursing
- **University of Tennessee, Chattanooga:** Occupational Therapy, Physical Therapy, Physical Medicine
- **University of Tennessee, Memphis:** Occupational Therapy
- **Vanderbilt:** Nursing
- **Volunteer State:** PT, Lab, RT, Sleep

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

The applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: **Tennessee Department of Health (TDH)**

Accreditation: **The Joint Commission (TJC)**

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

CMC is in good standing with the Tennessee Department of Health (TDH) and The Joint Commission (TJC).

See Attachment C, Orderly Development, 7.c. – TDH License and TJC Certificate

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

CMC has addressed all deficiencies cited in recent certification inspections.

See Attachment C, Orderly Development, 7.d. – Inspections & Corrections

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Not applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

    If requested by the Tennessee Health Services and Development Agency and/or the reviewing Agency, the applicant will provide statistics regarding the number of patients treated, the number and type of procedures performed, and other data as required.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

See Attachment – Proof of Publication

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

SUPPLEMENTAL #1
April 20, 2015
10:22 am

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): **July 2015**

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date (Month/Day)
1. Architectural and engineering contract signed	1	Sept 10, 2014
2. Construction documents approved by the Tennessee Department of Health	30-50	Jul 24-Aug 31, 2015
3. Construction contract signed	1-5	Aug 31, 2015
4. Building permit secured	7	Sept 1-7, 2015
5. Site preparation completed	42	Sep 1-Oct 12, 2015
6. Building construction commenced		Oct 12, 2015
7. Construction 40% complete	101	Oct 12 2015-Jan 21, 2016
8. Construction 80% complete	101	Jan 21-May 1, 2016
9. Construction 100% complete (approved for occupancy)	49	May 1-Jun 19, 2016
10. *Issuance of license	30	Jun 19-Jul 19, 2016
11. *Initiation of service	5	Jul 25-30, 2016
12. Final Architectural Certification of Payment	1	Aug 2016
13. Final Project Report Form (HF0055)	1	Sept 2016

* For projects that do NOT involve construction or renovation: please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF KNOX

MIKE RICHARDSON, being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601, *et seq.*, and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.

V.P.

Signature/Title

Sworn to and subscribed before me this the 3RD day of APRIL, 2015, a Notary Public in and for the County of KNOX, State of Tennessee.

NOTARY PUBLIC

My Commission expires 11, SEPTEMBER 2017

BRANDON R. DIXON
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0056
Revised 7/02 - All forms prior to this date are obsolete

ATTACHMENTS

Attachment B.I.a. – Support Letters

Cumberland
MEDICAL CENTER
Covenant HEALTH

March 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

To Whom It May Concern:

Please allow me to introduce myself. I am Ed Anderson, former chairman and current member of the Cumberland Medical Center Board of Directors and former chief executive officer of CMC. I have served CMC in some capacity or another for over 45 years.

Due to my longevity with CMC, I have firsthand knowledge of the great need to expand the emergency department. Our community is growing at a rate that surpasses the growth in nearby cities. Cumberland County is well known as a retirement destination with the Fairfield Glade community at the center of that growth.

Please accept this letter offering my support for the Certificate of Need for the expansion of the Cumberland Medical Center emergency department. This area has been in need of renovation and expansion for many years and after much discussion and planning, it could soon become a reality with the Health Services and Development Agency's approval.

Sincerely,

Edwin S. Anderson
CMC Advisory Board Member
CMC Representative Member of the Covenant Health Board

Cumberland
MEDICAL CENTER
Covenant HEALTH

March 18, 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

To Whom It May Concern:

On behalf of the local board of the Cumberland Medical Center, I am writing in support of the Certificate of Need application for the CMC renovation and expansion of the Department of Emergency Services at Cumberland Medical Center. For several years the board has been aware of the need for renovation and expansion of our Emergency Department. As a board, we now feel that the need for these renovations has become critical. Without the anticipated expansion and renovations, patient care will soon become compromised and our patients and community will suffer.

We hope you will act favorably on our request for the CON for our facility so that we may continue to offer our community the services it deserves.

Sincerely,

James R. Barnawell, M.D., Chairman
Cumberland Medical Center
Advisory Board of Directors
Crossville, Tennessee 38555

RICK GIBBS, M.D. FACS
49 CLEVELAND STREET; SUITE 310
CROSSVILLE, TENNESSEE 38555
PHONE; 931-787-1232

March 26, 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

To Whom It May Concern:

This is a letter of support for Cumberland Medical Center in applying for a Certificate of Need regarding upgrading and renovating our emergency department. I am president of the medical staff here and am active in treating patients here. Our emergency room is in need of expanding as we are seeing more patients and admitting them through the emergency room. As a practicing physician here in our community we want to be able to see and care for our patients locally. A remodel and upgrade of our emergency room would help do this.

We hope that you will act favorable to our request. Our future and our patients' lives will be helped with this.

Please call if there are any questions or for further information. Thank you for your time and consideration.

Sincerely,

Rick Gibbs MD

Rick Gibbs, M.D.
President, Medical Staff
Cumberland Medical Center
Crossville, Tennessee 38555

David McKinney, D.O.
Medical Director
Cumberland Medical Center
Emergency Department

March 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

To Whom It May Concern:

It is my pleasure to provide this letter of support for the expansion/renovation of the Cumberland Medical Center emergency department.

I have served as the medical director of the department since 2002 during which time we have experienced an increased influx of patients (close to 35,000 some years) that exceeds the present capacity of the space. We have simply outgrown the area, and our community continues to grow. The current space was built in the early 1990s; I started working in the ED in 1997 and the annual volume in the same space was 17,000 patients.

In January 2015 we had 2,655 visits (annualized 31,860) to our emergency department compared to 2,499 in January 2014. Access to care in our medical community is limited with many physicians no longer seeing new patients and in some cases, limiting Medicare patients. Our community has a disproportionate share of Medicare patients and Cumberland County is recognized as a retirement community.

The CMC ED also sees a high volume of psychiatric patients who must wait for admission/transfer to a facility that can meet their needs. Though we have added seclusion rooms, these situations are often disruptive to our other patients and to our staff. Issues of this nature will be addressed in the new design.

With the ongoing high volume of patients, the space has deteriorated aesthetically over the 20 years it has been in service. Minor improvements have been possible; however, the space does not correspond with the quality of care provided in the emergency department.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Dr. David McKinney
Medical Director
CMC Emergency Department

Cumberland
MEDICAL CENTER
Covenant HEALTH

March 26, 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

Re: Cumberland Medical Center's Certificate of Need Application

To Whom It May Concern:

As Chief Radiologist of Cumberland Medical Center's Medical Imaging Department, I am pleased to offer my support for the Certificate of Need Application submitted by Cumberland Medical Center.

The plans for the emergency department expansion and renovation are timely and necessary. Cumberland medical center serves a large Medicare/Medicaid population that is disproportionate to any other medical center in surrounding areas. The acute healthcare needs of the residents are best served with a state-of-the-art emergency department that anticipates the growing demands of our aging population while improving the quality of care our area receives and deserves.

Cumberland Medical Center takes its role as the community's main source for emergency treatment very seriously. The hospitals plans are practical, well thought out and fiscally conservative to not only meet Cumberland County's healthcare needs today, but to address our needs for years to come.

I cannot overemphasize the importance of the emergency department's role in keeping Cumberland County residents healthy. A new state-of-the-art emergency department will have a positive impact on population we serve. Completion of this project will resolve deficiencies at the existing emergency department and allow us to meet and exceed our responsibility to provide each and every patient in our growing and aging population with quality and timely healthcare.

I hope you will act favorably and grant our request for the certificate of need to expand and renovate Cumberland Medical Center's Department of Emergency Services. It will be an asset to the county and population we serve.

Sincerely,

James M. Stallworth, M.D.
Chief of Radiology
Cumberland Radiological Group
Crossville, Tennessee

CITY OF CROSSVILLE
392 NORTH MAIN STREET
CROSSVILLE, TENNESSEE 38555-4232
TEL (931) 484-5113
FAX (931) 484-7713

OFFICE OF THE
MAYOR

March 23, 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

To Whom It May Concern:

The City of Crossville and Cumberland County continues to attract new citizens, especially retirees, and our tourism industry is also thriving. With this economic development and growth, we must continually look toward the future to be sure that the infrastructure is in place to support it. In fact, we are beginning a series of visioning meetings, entitled Crossville-Cumberland 2030, to further define the direction and receive input from the citizens.

With this, we know that Cumberland Medical Center, a member of Covenant Health, is working toward an expansion and renovation of the current emergency department. This is long overdue and the City of Crossville is very supportive of this project. We are proud of our hospital, but the emergency department has unmet needs and it is important that this project moves forward as quickly as possible.

As a rural community, we must provide for the healthcare needs of our citizens and the emergency room is of utmost importance. Your favorable consideration of the issuance of a Certificate of Need for the expansion/renovation of the Cumberland Medical Center emergency department will be most appreciated.

Very sincerely,

James S. Mayberry
Mayor

Mayor Kenneth Carey, Jr.

2 North Main Street
Crossville, TN 38555
Phone (931) 484-6165
Fax (931) 484-5374
mayorcarey@cumberlandcountytn.gov

March 23, 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

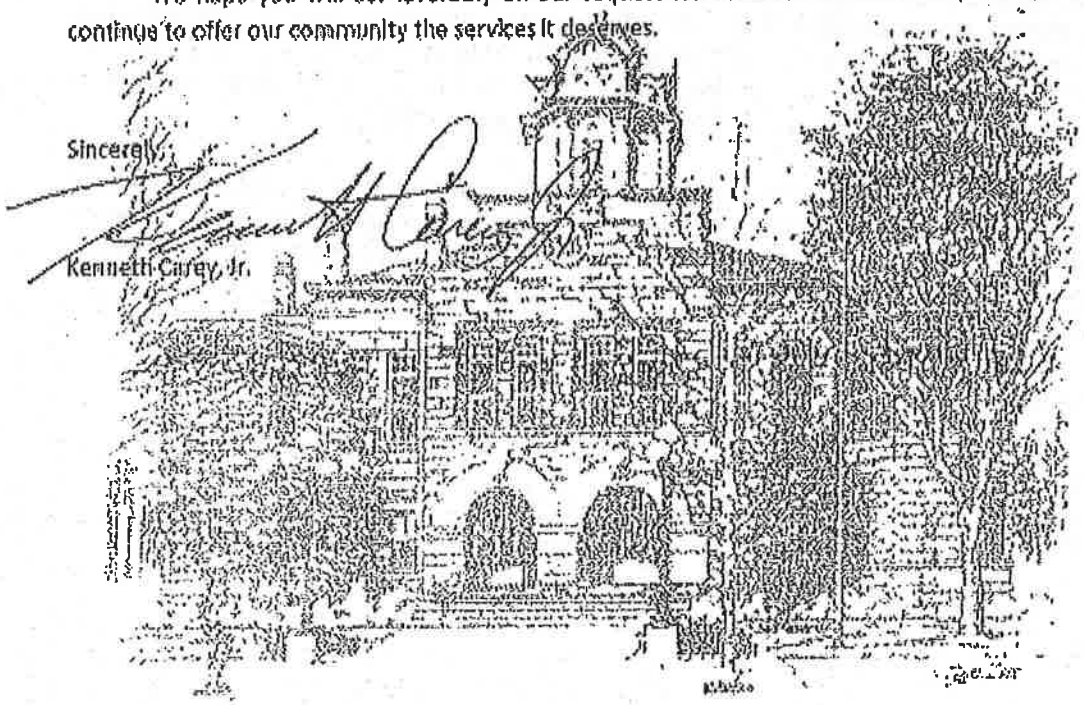
To Whom It May Concern:

As Mayor of Cumberland County, I know the importance of the Cumberland Medical Center for our community. I am writing in support of the Certificate of Need application for the CMC renovation and expansion of the Department of Emergency Services at Cumberland Medical Center. Without the anticipated expansion and renovations, patient care will soon become compromised and our patients and community will suffer.

We hope you will act favorably on our request for the CON for our facility so that we may continue to offer our community the services it deserves.

Sincerely,

Kenneth Carey, Jr.



WyndRidge
Health & Rehabilitation Center

March 23, 2015

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street/Building 850
Nashville, TN 37243

Re: Cumberland Medical Center – Renovation/Expansion of Emergency Department

Dear Ms. Hill:

I am happy to write a general letter of support regarding Covenant Health and more specifically Cumberland Medical Center as they submit a certificate of need to expand their emergency department in Crossville.

Cumberland Medical Center serves as our primary referral source when there is a need for emergency room care and I feel that they do an excellent job in treating our residents with excellent care and respect. I attended their open-house some twenty years ago when they expanded/renovated this department and it is amazing how they have outgrown their space. I am sure that with the number of ER visits increasing each year the renovation will be more than appreciated. Although I am sure that they have done minor improvements throughout the past twenty years, I believe that our community needs and deserves an expansion and renovation of this department.

Should you have any questions, please do not hesitate to let me know.

Best personal regards.

Sincerely,

Michael Denney
Chief Administrative Officer

P.O. Box 709 • 456 Wayne Avenue • Crossville, TN 38557 • 931-484-6129 • Fax 931-484-2685
www.wyndridgehealthandrehab.com

Attachment B.II.A.1. – Architect and Contractor Letters

BARBERMcMURRY
architects since 1915

April 2, 2015

Mr. Jeremy H. Biggs MHA FACHE
President & CAO
Cumberland Medical Center
421 South Main Street
Crossville, TN 38555

RE: Covenant Cumberland Medical Center - Emergency Department Relocation
Crossville, Tennessee
BMa Project No. 146300

Dear Mr. Biggs:

Thank you for selecting BarberMcMurry architects as your Architect-of-Record for the above referenced project. This firm has provided you, under separate cover, a preliminary floor plan showing the building described in the program and narratives. We have reviewed the construction cost estimate. Based on our experience and knowledge of the current healthcare market, it is our professional opinion and belief that the projected cost of $4,619,638 to be a reasonable estimate of construction cost. We also agree the $300,000 contingency amount is appropriate for the scope of work required.

This project will be designed to meet all applicable building codes, as listed below:

State:

1. International Building Code (IBC) - 2012 Edition
2. International Mechanical Code - 2012 Edition
3. International Plumbing Code - 2012 Edition
4. International Gas Code - 2012 Edition
5. International Fire Code - 2012 Edition
6. National Electric Code - 2011 Edition
7. NFPA 101, Life Safety Code - 2012 Edition
8. NFPA Codes (all volumes)- Editions referenced in 2012 NFPA 1
9. FGI Guidelines For Construction and Equipment of Hospital and Medical Facilities- 2010 Edition
10. Tennessee Department of Health Standards for Licensing Hospitals and Institutional General Infirmaries
11. Architectural and Engineering Guidelines for Submission, Approval and Inspection of Occupancies Licensed by the Department of Health, TDOH Office of Health Licensure and Regulation
12. U.L. Building Fire Resistant Directory - Most current Edition
13. U.L. Building Materials Directory - Most current Edition
14. The Americans with Disabilities Act (ADA), 2010 Accessibility Guidelines for Buildings and Facilities
15. North Carolina Accessibility Code, 2004 Edition

16. Tennessee Code for Energy conservation in New Building Construction

Federal:

1. The Americans with Disabilities Act (ADA), 2010 Accessibility Guidelines for Buildings and Facilities

Local:

1. International Building Code - 2012 Edition
2. 2009 ICC/ANSI A117.1
3. International Mechanical Code - 2012 Edition
4. International Plumbing Code - 2012 Edition
5. National Electric Code - 2008 Edition
6. International Fire Code with Local Amendments - 2012 Edition
7. International Energy Conservation Code - 2012 Edition
8. International Existing Building Code - 2012 Edition
9. International Fuel Gas Code - 2012 Edition

Finally, as a multidisciplinary team of professionals with 100 years of architectural design and construction experience, we have reviewed the total construction cost and cost per square foot estimate for this project and can confirm that the estimates are reasonable compared to similar projects in East Tennessee.

Respectfully Submitted,

BarberMcMurry architects LLC

Charles V. Griffin, AIA
President
TN. License No. 020192
cc: File

H:\2014\146300 Covenant - Cumberland Medical Center ED Relocation\01_Administrative\04_Regulatory\CMC ED CON Letter_Biggs_2015-04-01.docx

YATES
CONSTRUCTION

March 31, 2015 (REVISED)

Mr. Danny Edsell
Covenant Health Properties
280 Fort Sanders West Boulevard
Suite # 214
Knoxville, TN 37922

Re: Cumberland Medical Center – ED Renovation

Dear Danny,

We have reviewed the schematic design documents produced by Barber and McMurray for the above referenced project and find the construction cost to be in line with similar projects we have been involved with in the recent past. The total estimated cost for construction of the ED Renovation project at Cumberland Medical Center is $4,619,638 not including budgeted contingency. The construction cost estimate is $262.17 per square foot of new and renovated construction combined. The project consists of a 4,667 square foot addition and 12,954 square feet of renovation. The attached table indicates the cost per square foot and total construction cost for the renovation, addition and total project.

If you have questions, comments or need additional information, please let me know.

Sincerely,

Robert Sutherland - CHC, SSGB, Leed AP BD&C
Senior Director, Preconstruction Services

c: File

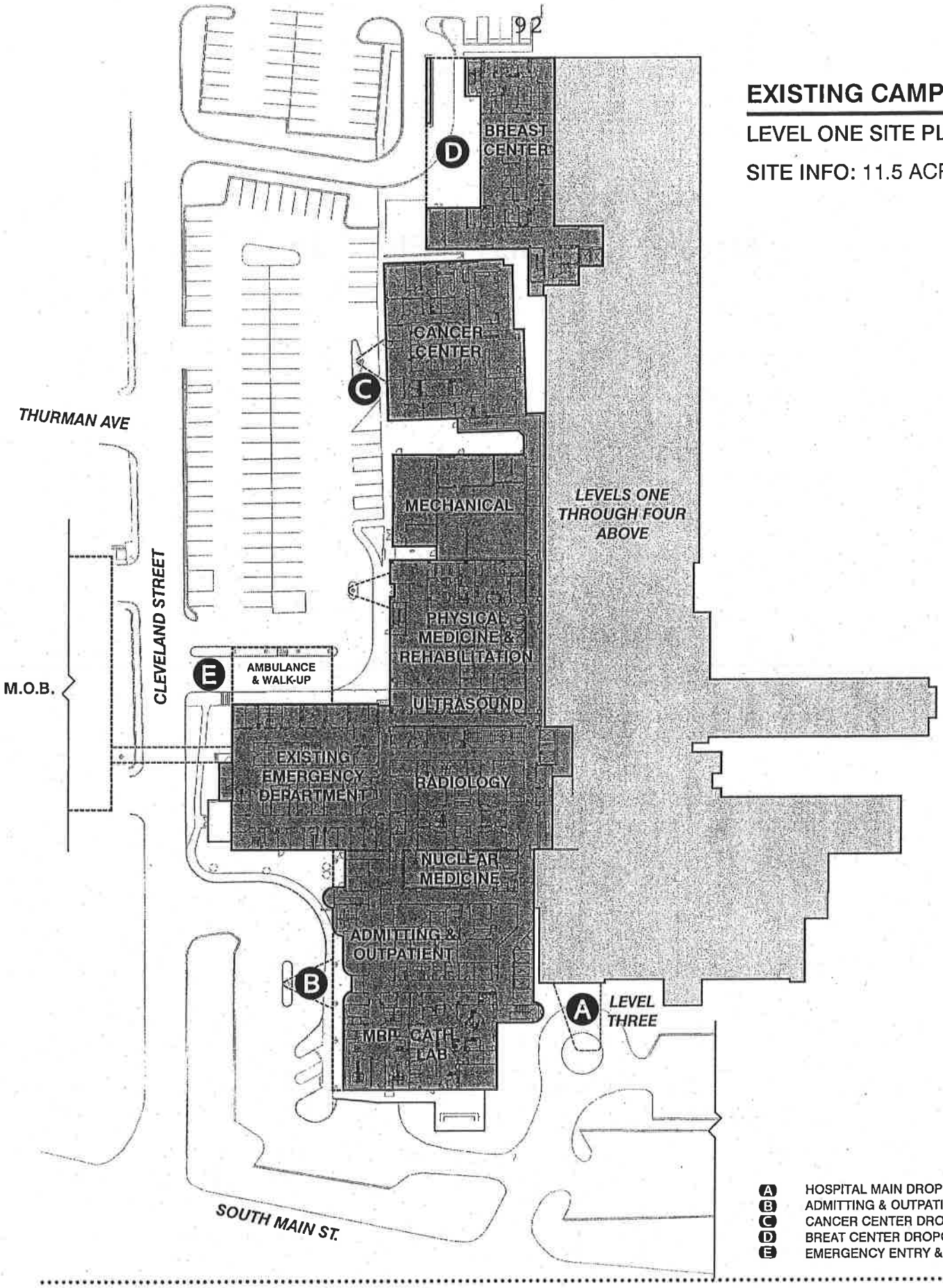
Cumberland Medical Center
ED Addn and Reno
Crossville, TN
April 2, 2015
Schematic Estimate

Executive Summary

Schematic Estimate Summary

Emergency Department	New Work	4,667	SF	$ 368.36	$ 1,719,140
Emergency Department	Renovation Work	12,954	SF	$ 223.91	$ 2,900,498
SUBTOTAL ESTIMATE		17,621		$ 262.17	$ 4,619,638

Attachment B.III.A. – Plot Plan



EXISTING CAMPUS

LEVEL ONE SITE PLAN

SITE INFO: 11.5 ACRES

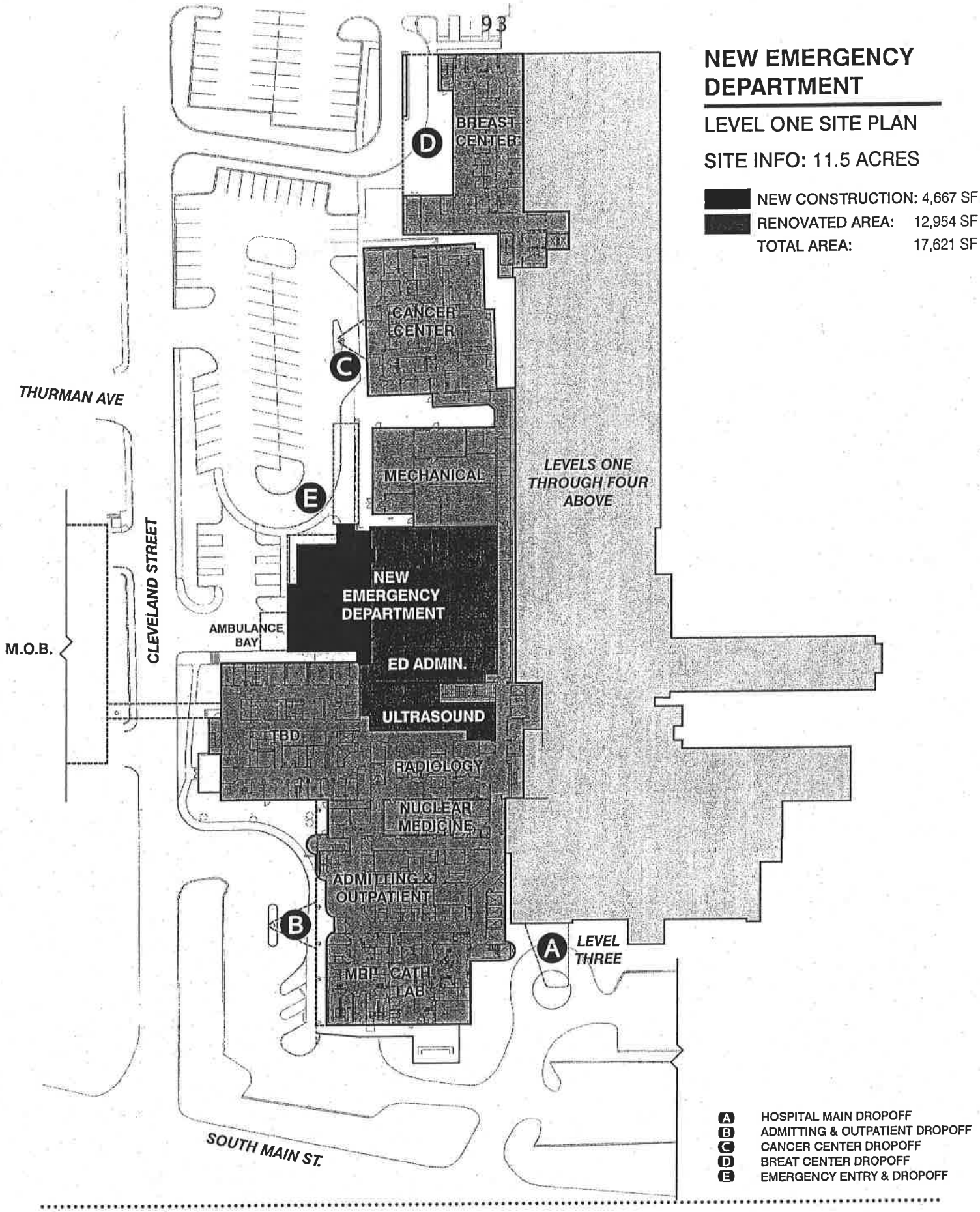
- A HOSPITAL MAIN DROPOFF
- B ADMITTING & OUTPATIENT DROPOFF
- C CANCER CENTER DROPOFF
- D BREAT CENTER DROPOFF
- E EMERGENCY ENTRY & DROPOFF

02APR2015

CUMBERLAND MEDICAL CENTER
EMERGENCY DEPARTMENT EXPANSION & RENOVATION
421 S MAIN ST, CROSSVILLE, TN 38555

bma BARBER McMURRY architects since 1915

146300



NEW EMERGENCY DEPARTMENT

LEVEL ONE SITE PLAN

SITE INFO: 11.5 ACRES

NEW CONSTRUCTION:	4,667 SF
RENOVATED AREA:	12,954 SF
TOTAL AREA:	17,621 SF

- A HOSPITAL MAIN DROPOFF
- B ADMITTING & OUTPATIENT DROPOFF
- C CANCER CENTER DROPOFF
- D BREAT CENTER DROPOFF
- E EMERGENCY ENTRY & DROPOFF

02APR2015

CUMBERLAND MEDICAL CENTER
EMERGENCY DEPARTMENT EXPANSION & RENOVATION
421 S MAIN ST, CROSSVILLE, TN 38555

BARBER McMURRY architects since 1915

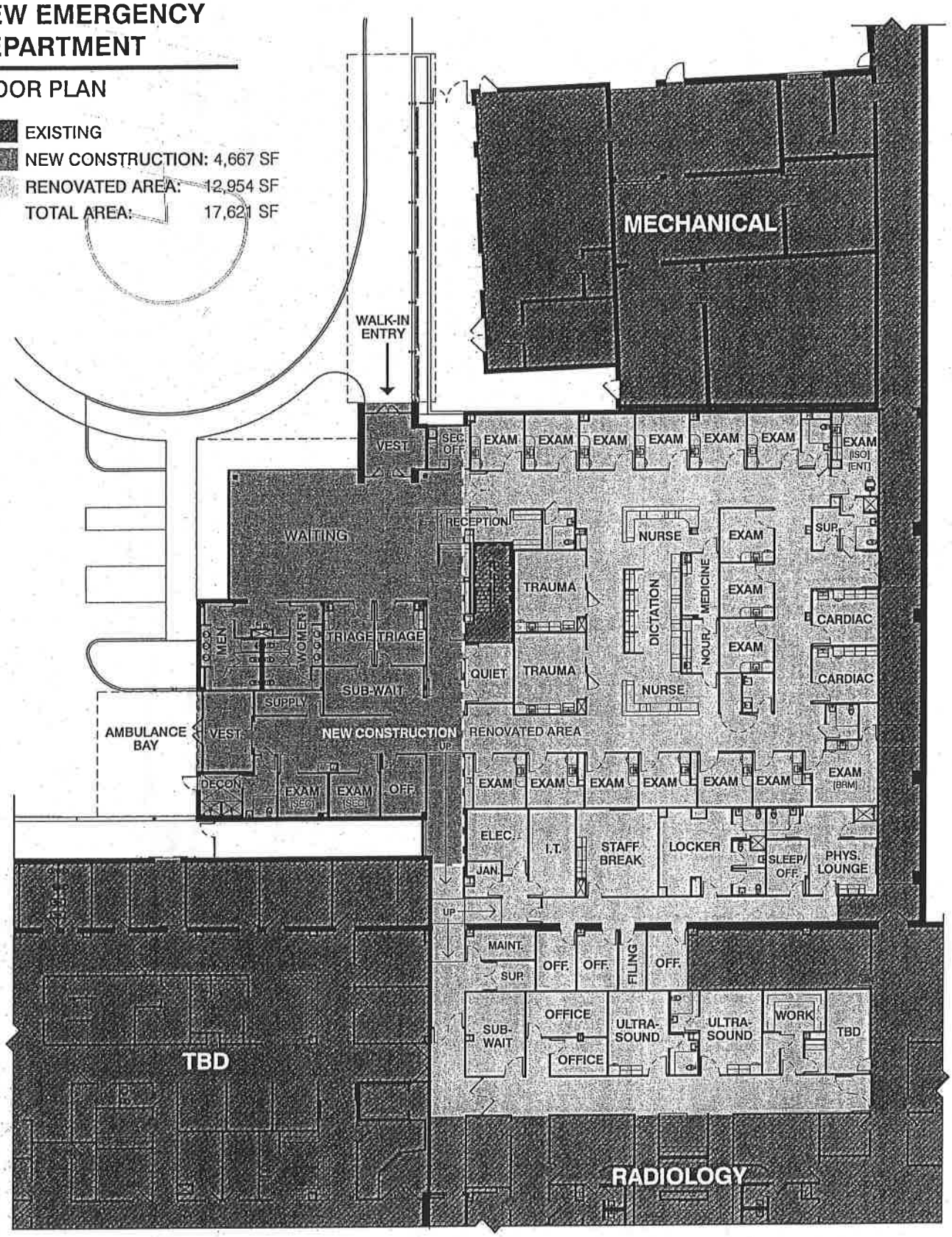
146300

Attachment B.IV. – Floor Plan

NEW EMERGENCY DEPARTMENT

FLOOR PLAN

EXISTING
NEW CONSTRUCTION: 4,667 SF
RENOVATED AREA: 12,954 SF
TOTAL AREA: 17,621 SF



02APR2015

CUMBERLAND MEDICAL CENTER
EMERGENCY DEPARTMENT EXPANSION & RENOVATION
421 S MAIN ST, CROSSVILLE, TN 38555

BARBER McMURRY
architects since 1915

146300

SUPPLEMENTAL #1

April 20, 2015
10:22 am

Attachment C.1.b.3.a-b
Master Facility Planning Consultant Letter

DHG
DIXON HUGHES GOODMAN LLP

124 Verdae Boulevard, Suite 506
Greenville, SC 29607
D 864.370.4770
F 864.370.4778
www.dhgllp.com

April 2, 2015

As a Director in the Dixon Hughes Goodman (DHG) firm, a national healthcare consulting firm active in all fifty states, I led a master plan study at Cumberland Medical Center, Crossville, TN in 2014. This study focused on community (market) demographics, physical plant functionality and departmental patient capacity. Our study included input from department directors and key medical staff members regarding the: type of medical services needed in the community; accessibility to these services by the public; and the space for providing these services. DHG believes that the data projections in the Certificate of Need application are consistent with sound and prudent planning.

Cumberland Medical Center was located on the current campus in 1950 and some of the original buildings, now used primarily for administrative support, still remain. A major addition in 2006 brought the medical and surgical bed units, as well as many other patient care functions up to date. However, the Emergency Room was identified by our consultants as the highest priority medical service to be addressed in master plan implementation. Looking to the future, the Emergency Room was built 23 years ago and has several significant capacity and functional issues.

With recent volume exceeding 35,000 annual visits, the 18 exam rooms are stretched to capacity. Using a 1,500 – 2,000 visit/room annual volume ratio CMC is already at the 2,000 end of this planning range. The DHG consultants recommended 21/22 exam rooms (including 2 trauma and 2 cardiac rooms) excluding Triage and Secure Rooms which would bring the total to 25. This would meet current needs and allow growth to about 40,000 annual visits while bringing the annual visit ratio down to about 1,750/room based on 21 base rooms, more in line with good efficiency and patient satisfaction. In addition, many of the current exam rooms are only 70sf in size, well below the AIA minimum standard of 100sf, and even more modern functional space of 120sf – 140sf per room, a standard used in most ED plans today.

In addition to the treatment rooms, there are other major function/space issues in the current emergency room as follows:

- Severe shortage of clinical support space such as storage, staff support, work areas, etc.
- Public intake is cramped including the waiting area and amenities.
- Security space, a very important issue in the modern ED, is not what it should be.
- Central administrative efficiency relative to control and access to Exam rooms is poor.
- And, the general layout and functionality of the floor plan is very poor.

With the Emergency Department being a primary access point for patients and families in the Crossville community, and given the major deficiencies in space and function of the current department, the DHG consultants consider this facility project to be of the highest priority in the entire master plan implementation, and we fully support the CON to address this need.

Sincerely,

Donald S. Basler, FACHE

Director

DHG
DIXON HUGHES GOODMAN LLP

124 Verdae Boulevard, Suite 506
Greenville, SC 29607
D 864.370.4770
F 864.370.4778
www.dhgllp.com

Background of Dixon Hughes Goodman and Don Basler:

Dixon Hughes Goodman

Our deep-standing commitment to healthcare was recently recognized when Modern Healthcare named Dixon Hughes Goodman the 15th largest U.S. healthcare management consulting firm. The Firm has the ability to provide the healthcare resources and services that cover most consulting and accounting needs by healthcare entities. Such services provided by the Firm include:

- Strategic and Facility Planning
- Medicare/Medicaid Reimbursement Services
- Managed Care Services
- Physician Practice Management
- Technology Planning Solutions & Implementation
- Health Information Mgmt.
- Compliance Review and Consulting
- Risk Management and Internal Audit
- Tax Services
- Revenue Cycle Management
- Revenue Integrity Solutions
- Expense Management

Don Basler, FACHE

Don has over 40 years of experience and has completed planning efforts in over 1,000 hospitals and healthcare organizations in all fifty states and several other nations. He has had experience at Cleveland Clinic, Ochsner Medical Center, the relocation of the University of Colorado Medical Center to the new Fitzsimons Campus, among other large teaching centers.

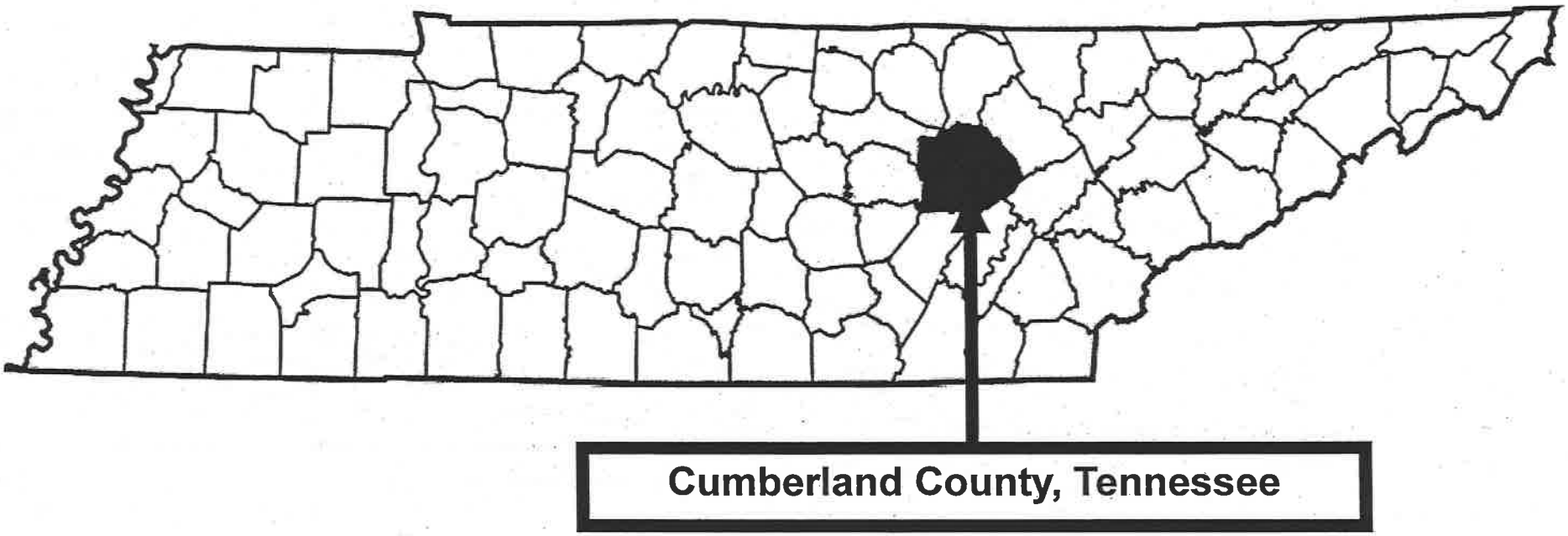
In addition, Don served as Chairman of the Research & Development Committee of the ACHE and has set and reestablished national standards for healthcare facility requirements, codes and use. He has written several books, published journal articles and lectured extensively on healthcare facility and operational issues. He is a recognized national expert in maternal & child health facility planning and has been engaged in the full spectrum of healthcare from birth through trauma, specialty practices, behavioral health and long term care.

Don's education was completed at Duke University where he studied healthcare administration and received the MHA degree. Undergraduate work was in engineering and business administration at Ohio University.

Attachment C.3. – Service Area Maps

Attachment C.3. – Service Area Maps (A)

Cumberland Medical Center (CMC) – Emergency Department CON



Service Area Notes:

The service area for this CMC Emergency Department CON project is Cumberland County.
Most of CMC's inpatients, outpatients, and emergency department patients reside in Cumberland County.

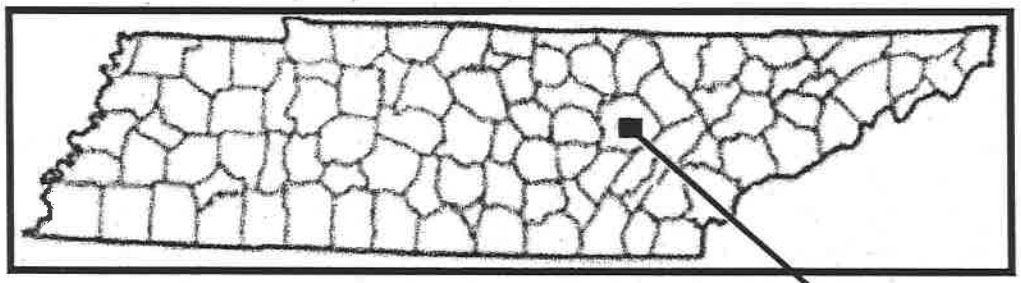
Attachment C.3. – Service Area Maps (B)

Cumberland Medical Center (CMC) – Emergency Department CON

Tennessee Counties

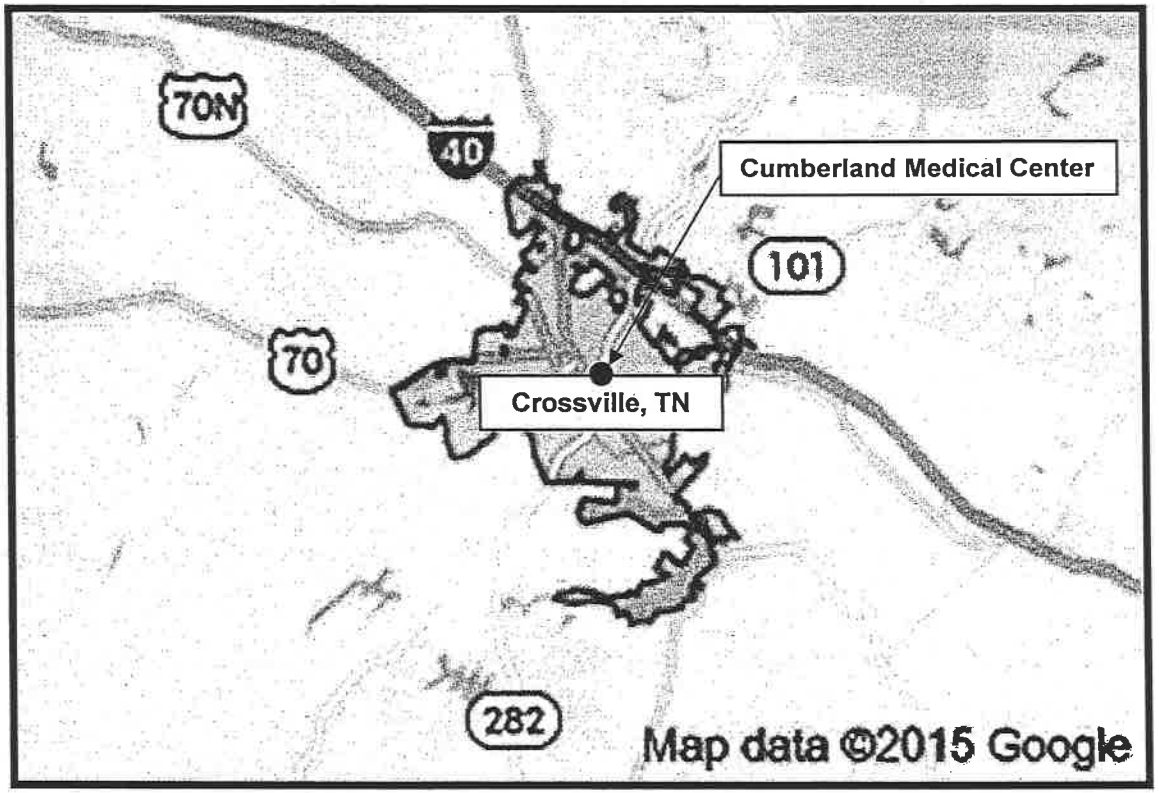
Attachment C.3. – Service Area Maps (C)

Cumberland Medical Center (CMC) – Emergency Department CON



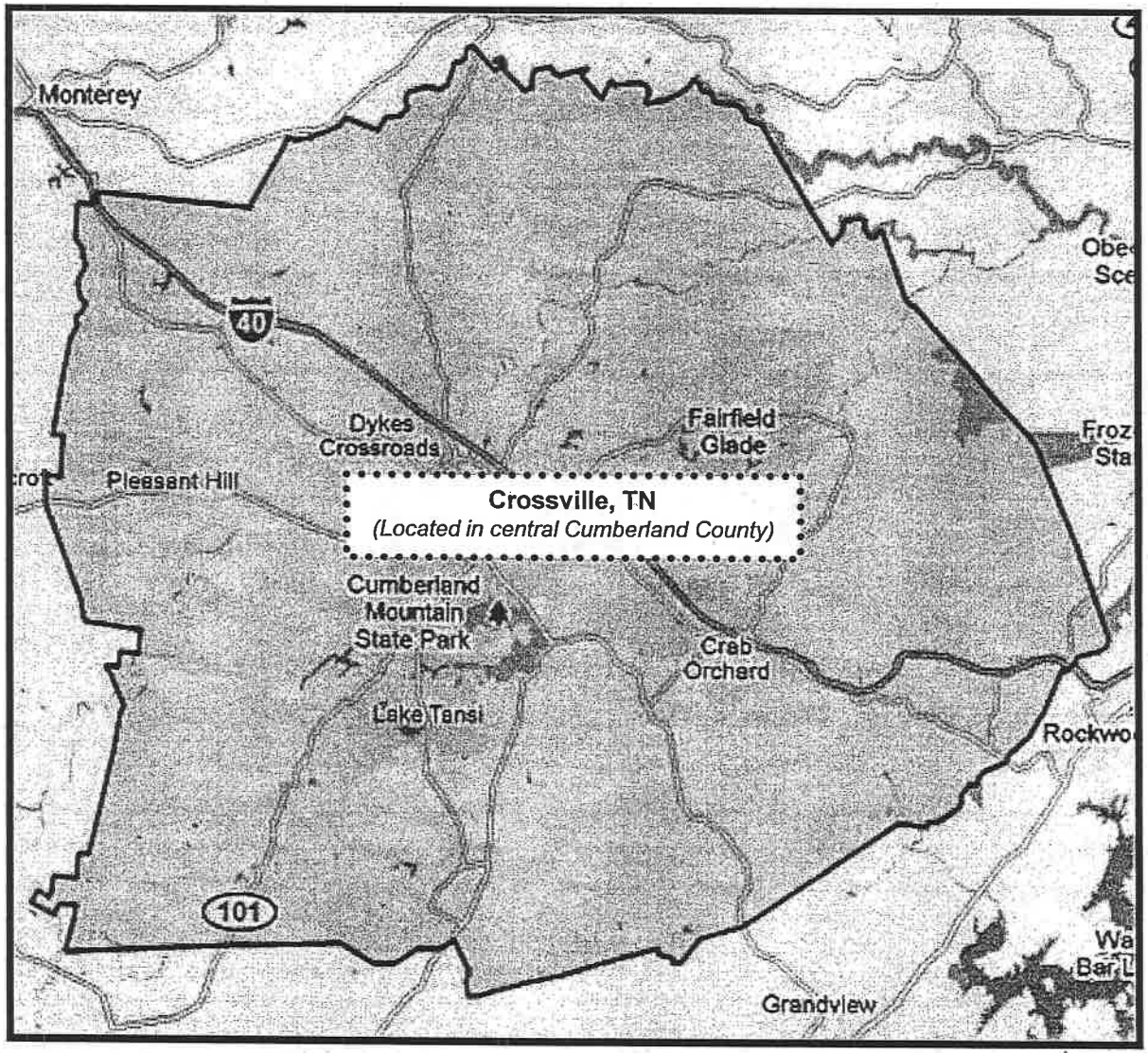
Crossville is centrally located in Cumberland County, TN

Cumberland Medical Center is centrally located in Crossville, TN



Attachment C.3. – Service Area Maps (D)

Cumberland Medical Center (CMC) – Emergency Department CON



Cumberland County, Tennessee

Attachment C, Economic Feasibility-2

Documentation of Funding Type

JOHN T. GEPPI
Executive VP/CFO

Covenant HEALTH.

April 3, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Adequate Funding for Cumberland Medical Center Emergency Department Project

Dear Ms. Hill:

Covenant Health has sufficient cash reserves to complete the proposed Emergency Department construction project for Cumberland Medical Center at the estimated total cost of $6,369,682 for certificate of need purposes.

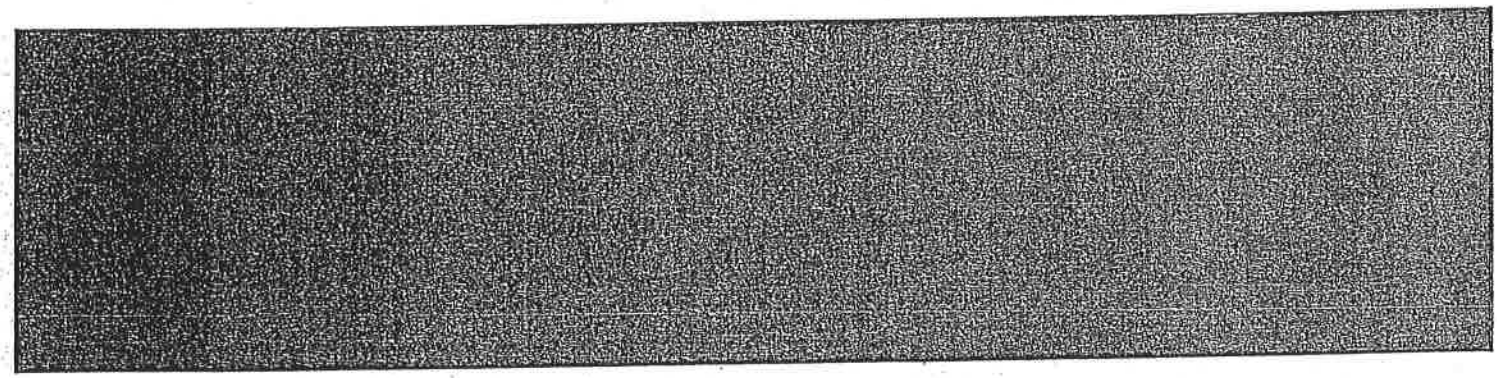
Respectfully,

John Geppi
Executive Vice President/Chief Financial Officer
Covenant Health

Corporate Office
100 Fort Sanders West Blvd.• Knoxville, TN 37922
(865) 531-5421 Office (865) 531-5272 Fax
www.covenanthealth.com

Attachment C, Economic Feasibility, 10

Financial Statements



COVENANT HEALTH

Audited Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

PYA
Certified Public Accountants

COVENANT HEALTH

Audited Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Independent Auditor's Report....1

Audited Consolidated Financial Statements

Consolidated Balance Sheets....3
Consolidated Statements of Operations and Changes in Net Assets....5
Consolidated Statements of Cash Flows....7

PYA
Certified Public Accountants

PERSHING YOAKLEY & ASSOCIATES, P.C.
One Cherokee Mills, 2220 Sutherland Avenue
Knoxville, TN 37919
p: (865) 673-0844 | f: (865) 673-0173
www.pyapc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Covenant Health:

We have audited the accompanying consolidated financial statements of Covenant Health and its subsidiaries (Covenant) which comprise the consolidated balance sheets as of December 31, 2013 and 2012 and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Covenant's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Covenant Health as of December 31, 2013 and 2012 and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Pershing Yoakley & Associates PC

Knoxville, Tennessee
April 14, 2014

COVENANT HEALTH

Consolidated Balance Sheets
(Dollars in Thousands)

	December 31, 2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 55,399	$ 36,168
Short-term investments	404	550
Assets limited as to use	23,030	24,568
Patient accounts receivable, less estimated allowances for uncollectible accounts of approximately $94,300 in 2013 and $77,900 in 2012	96,912	93,541
Other current assets	44,018	44,341
TOTAL CURRENT ASSETS	219,763	199,168
ASSETS LIMITED AS TO USE, less amounts required to meet current obligations	24,703	41,842
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation and amortization	660,204	683,975
OTHER ASSETS		
Long-term investments	1,007,058	961,990
Bond and note issuance costs, net of accumulated amortization of $9,455 in 2013 and $8,333 in 2012	9,933	11,032
Goodwill	8,553	8,553
Other assets	11,158	12,818
TOTAL OTHER ASSETS	1,036,702	994,393
	$ 1,941,372	$ 1,919,378

COVENANT HEALTH

Consolidated Balance Sheets - Continued
(Dollars in Thousands)

	December 31, 2013	2012
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Trade accounts payable, accrued expenses and other liabilities	$ 120,593	$ 131,132
Accrued salaries, wages, compensated absences and amounts withheld	55,644	51,142
Estimated third-party payer settlements	9,119	12,626
Current portion of long-term debt and capital lease obligations	12,196	21,771
TOTAL CURRENT LIABILITIES	197,552	216,671
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	705,260	728,622
OTHER LONG-TERM LIABILITIES	51,799	66,818
TOTAL LIABILITIES	954,611	1,012,111
COMMITMENTS, CONTINGENCIES AND OTHER - Note I		
NET ASSETS		
Unrestricted	977,415	897,789
Temporarily restricted	9,346	9,478
TOTAL NET ASSETS	986,761	907,267
	$ 1,941,372	$ 1,919,378

COVENANT HEALTH

Consolidated Statements of Operations and Changes in Net Assets
(Dollars in Thousands)

	Year Ended December 31,	
	2013	*2012*
Change in unrestricted net assets:		
Unrestricted revenue and support:		
Patient service revenue, net of contractual adjustments and discounts	$ 1,111,397	$ 1,088,843
Provision for bad debts	(101,014)	(86,197)
Net patient service revenue	1,010,383	1,002,646
Other operating revenue	63,954	45,917
Net assets released from restrictions used for operations	2,563	2,552
TOTAL REVENUE AND SUPPORT	1,076,900	1,051,115
Expenses:		
Salaries and benefits	513,013	505,955
Supplies and other	465,979	457,576
Provision for depreciation and amortization	70,301	68,477
Interest	14,076	18,730
TOTAL OPERATING EXPENSES	1,063,369	1,050,738
INCOME FROM CONTINUING OPERATIONS	13,531	377
Non-operating gains (losses):		
Investment income	26,977	35,012
Gain (loss) on early extinguishment of debt - Note F	309	(3,242)
NET NON-OPERATING GAINS	27,286	31,770
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES FROM CONTINUING OPERATIONS	40,817	32,147
Additional gain on sale of discontinued operations - Note N	-	14,320
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	40,817	46,467
Change in net unrealized gains on investments	37,990	36,748
Contributions of property	482	925
Net assets released from restrictions for capital additions	337	271
INCREASE IN UNRESTRICTED NET ASSETS	79,626	84,411

COVENANT HEALTH

Consolidated Statements of Operations and Changes in Net Assets - Continued
(Dollars in Thousands)

	Year Ended December 31, 2013	2012
Change in temporarily restricted net assets:		
Restricted gifts and bequests	2,598	3,238
Investment income and realized/unrealized net losses on investments	170	107
Net assets released from restrictions	(2,900)	(2,823)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(132)	522
INCREASE IN NET ASSETS	79,494	84,933
NET ASSETS, BEGINNING OF YEAR	907,267	822,334
NET ASSETS, END OF YEAR	$ 986,761	$ 907,267

COVENANT HEALTH

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 79,494	$ 84,933
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for depreciation and amortization	70,301	68,477
Net realized and unrealized gains on investments and assets limited as to use	(44,669)	(53,775)
Discount amortization on capital appreciation bonds	3,190	10,974
Property contributions	(482)	(925)
Restricted contributions	(2,598)	(3,238)
Loss (gain) on early extinguishment of debt	(309)	3,242
Gain on sale of previously discontinued operations	-	(14,320)
Increase (decrease) in cash due to changes in:		
Patient accounts receivable	(3,371)	5,044
Other current assets	323	(218)
Other assets	(1,017)	(2,705)
Trade accounts payable, accrued expenses and other liabilities	(7,673)	4,709
Accrued salaries, wages, compensated absences and amounts withheld	4,502	3,378
Estimated third-party payer settlements	(3,507)	578
Other long-term liabilities	(15,019)	(18,115)
Total adjustments	(329)	3,106
NET CASH PROVIDED BY OPERATING ACTIVITIES	79,165	88,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(48,988)	(105,454)
Proceeds from sale of property, plant and equipment	376	1,176
Purchases of investments	(170,091)	(231,315)
Proceeds from redemption or maturities of investments	168,634	226,585
Decrease in assets limited as to use	19,881	33,452
Investment in unconsolidated affiliates	-	(159)
Goodwill acquired	-	(6,522)
Distributions from unconsolidated affiliates	2,294	2,250
NET CASH USED IN INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	(27,894)	(79,987)

COVENANT HEALTH

Consolidated Statements of Cash Flows - Continued
(Dollars In Thousands)

	Year Ended December 31, 2013	2012
Additional gain on sale of discontinued operations	-	15,073
NET CASH USED IN INVESTING ACTIVITIES	(27,894)	(64,914)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	-	160,753
Redemption of debt	(9,691)	(159,636)
Repayment of debt and capital lease obligations	(24,925)	(21,057)
Payment of acquisition and financing costs	(22)	(804)
Proceeds from restricted contributions	2,598	3,238
NET CASH USED IN FINANCING ACTIVITIES	(32,040)	(17,506)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,231	5,619
CASH AND CASH EQUIVALENTS, beginning of year	36,168	30,549
CASH AND CASH EQUIVALENTS, end of year	$ 55,399	$ 36,168
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 9,790	$ 8,921
Capital additions in accounts payable	$ 1,859	$ 4,724
Equipment acquired through capital lease arrangements	$ -	$ 1,812

Attachment C, Contribution to the Orderly Development of Health Care-7.d.

Inspections & Corrections

The Joint Commission

March 22, 2013

Larry Moore
Chief Financial Officer
Cumberland Medical Center
421 South Main Street
Crossville, TN 38555-5031

Joint Commission ID #: 7824
Program: Hospital Accreditation
Accreditation Activity: Measure of Success
Accreditation Activity Completed: 03/22/2013

Dear Mr. Moore:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning October 06, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

The Joint Commission

March 22, 2013

Larry Moore
Chief Financial Officer
Cumberland Medical Center
421 South Main Street
Crossville, TN 38555-5031

Joint Commission ID #: 7824
Program: Home Care Accreditation
Accreditation Activity: Measure of Success
Accreditation Activity Completed: 03/22/2013

Dear Mr. Moore:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Home Care

This accreditation cycle is effective beginning October 03, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

The Joint Commission

Cumberland Medical Center
421 South Main Street
Crossville, TN 38555-5031

Organization Identification Number: 7824

Measure of Success Submitted: 3/22/2013

Program(s)
Hospital Accreditation
Home Care Accreditation

Executive Summary

Hospital Accreditation :	As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.
Home Care Accreditation :	As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission
Summary of Compliance

Program	Standard	Level of Compliance
HAP	IC.02.02.01	Compliant
HAP	IM.02.02.01	Compliant
HAP	MM.04.01.01	Compliant
HAP	PC.01.02.03	Compliant
HAP	PC.01.02.08	Compliant
HAP	RC.02.01.07	Compliant
HAP	TS.03.01.01	Compliant
OME	NPSG.03.06.01	Compliant
OME	PC.02.01.01	Compliant

The Joint Commission

March 25, 2013

Larry Moore
Chief Financial Officer
Cumberland Medical Center
421 South Main Street
Crossville, TN 38555-5031

Joint Commission ID #: 7824
Program: Laboratory Accreditation
Accreditation Activity: Measure of Success
Accreditation Activity Completed: 03/25/2013

Dear Mr. Moore:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Laboratory and Point-of-Care Testing

This accreditation cycle is effective beginning September 14, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 25 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

The following laboratory services have been surveyed under Joint Commission standards in accordance with the Clinical Laboratory Improvement Amendments of 1988 :

CLIA# 44D0316206 for the specialties and subspecialties of Bacteriology, Mycology, Parasitology, Virology, Syphilis Serology, General Immunology, Routine Chemistry, Urinalysis, Endocrinology, Toxicology, Andrology, Coagulation, Hematology, Blood Transfusion Services, Immunohematology(ABO Group and RH, Antibody Transfusion, Antibody Non-Transfusion, Antibody Identification, Compatibility Testing), Histopathology, Cytology and Tissue Banking.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

The Joint Commission

Cumberland Medical Center
421 South Main Street
Crossville, TN 38555-5031

Organization Identification Number: 7824

Measure of Success Submitted: 3/22/2013

Program(s)
Laboratory Accreditation

Executive Summary

Laboratory Accreditation :	As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement Identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission
Summary of Compliance

Program	Standard	Level of Compliance
LAB	EC.02.04.03	Compliant
LAB	HR.01.06.01	Compliant
LAB	NPSG.01.01.01	Compliant
LAB	QSA.02.13.01	Compliant

Attachment – Proof of Publication

AUTOS

Featured Vehicle
Have a Vehicle For Sale? Advertise your car, truck, ATV, etc. in the Crossville Chronicle classifieds and get results!

HOMES

Featured Home
Have a Home For Sale or Rent? Advertise your house, farm, acreage, etc. In the Crossville Chronicle classifieds and get results!

JOBS

Featured Job
Have an Employment Position Open? Advertise your help wanted In the Crossville Chronicle classifieds and get results!

105 Public Notices

NOTICE OF SALE

On FRIDAY APRIL 24TH 2015 at 10 AM At 101 Auto Sales LLC And at Girls Gone Towing: 6041 Lantana Road, Crossville, TN 38572. To satisfy a lien, the following listed vehicles will be sold at auction to the public:

1998 VOLVO S 70
VIN# YV1LS5572W1490027

2005 BUICK RENO
VIN# 3G5DB03E05S500688

1997 CHEVY SUB.
VIN# 1GDFK16R4VT720964

Call 484-5145 to Place Your Ad

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Cumberland Medical Center an Acute Care Hospital owned by Cumberland Medical Center, Inc. with an ownership type of Not-for-Profit Corporation and to be managed by (Not Applicable) intends to file an application for a Certificate of Need for construction, renovation, and expansion of an existing building to create a new Emergency Department on the current hospital campus located at 421 South Main Street, Crossville, Tennessee 38555. The project does not involve acquisition of major medical equipment, initiation of any new service for which a CON is required, or the addition of hospital beds. The total estimated project cost is $ 8,309,682.

The anticipated date of filing the application is April 10, 2015.

The contact person for this project is Mike Richardson, Vice President, Strategic Planning and Development who may be reached at Covenant Health, 200 Fort Sanders West Boulevard, Building 4, Suite 218, Knoxville, Tennessee 37922, 865-531-5123.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

ENTRY LEVEL POLICE OFFICER
CITY OF CROSSVILLE

The City of Crossville is now accepting applications for an Entry Level Police Officer. Applications will be accepted through the Department of Labor, One Call Center located at 60 Ridley Street directly behind Long John Silvers. Applications will be accepted through the close of business on April 17, 2015. A written test will be given at 8:00 a.m. on April 24, 2015 in the Crossville Police Department Training Room, located at 99 Municipal Avenue. There will be a physical agility test given at 12:00PM on April 24, 2015 at the Old National Guard Armory building located behind Central Office (formerly Crossville Elementary School). Applicants must make at least 75% on the written test in order to take the agility test. A study guide will be provided for the written test. Applicants must wear appropriate clothing to take the physical agility test. Applicants will be placed on a roster after completion of both sections of testing and the position will be filled from the roster. The Entry Level Police Officer position will start at an annual salary of $27,540.98 for a non-certified officer and $30,700.80 for a certified officer. This is a full time position and includes all of the benefits offered by the City of Crossville.

APPLICANTS MUST:

1. Be at least 21 years of age.
2. Be a citizen of the United States.
3. Be a high school graduate or possess a GED. *No waivers will be granted for minimum education requirements.*
4. Never been convicted of or pled guilty to, or entered a plea of Nolo Contendere to any felony charge or to any violation of Federal or State laws or City Ordinances relating to force, violence, theft, dishonesty, gambling, liquor or controlled substance.
5. Never been released or discharged under any other than honorable discharge from any of the armed forces of the United States.
6. Have his/her fingerprints on file with the Tennessee Bureau of Investigation.
7. Pass a post-employment offer physical and drug screen by a physician chosen by the City of Crossville.
8. Be of good moral character as determined by an investigation conducted by the City of Crossville.
9. Be free of all apparent mental disorders as described in the Diagnostic and Statistical Manual of Mental Disorders, Third Edition (DSM-III) of the American Psychiatric Association.
10. Pass a psychological exam by a psychiatrist or psychologist appointed by the City of Crossville.
11. If applicant is un-certified they must be able to attend and complete the Basic Police Academy.

The City of Crossville is an EEO/Affirmative action employer and does not discriminate on the basis of race, age, sex, religion, color, disability or national origin.

115 Auctions

2 APRIL AUCTIONS TVA Government Surplus Auction Saturday, April 18th. Spring Equipment Auction Saturday, April 25th. Compass Auctions & Real Estate www.SoldonCompass.com or 423-702-6180, Firm#5678 (TnScan)

7th ANNUAL SPRING AUCTION - Saturday, April 18th @ 9:00 AM - 1185 U.S. Hwy 64, Adamsville, TN 38310. Farm & Construction Equipment, Trucks and Trailers www.gsa-live.com (731) 925-2455 The Great South Auction Group (THFL5487) (TnScan)

Invite people to your yard sale with one phone call

931-484-5145
CROSSVILLE CHRONICLE
CLASSIFIEDS

QUINTIN SMITH FAMILY / Craigmore / Lanning and Guests Angus Sale Sunday April 26, 2015 1 p.m. At the Horn Springs Sale Facility 2135 Lebanon Road Lebanon, TN. More Than 150 Head Sell: 125 Females 25 Bulls Embryos. Quintin & Vicki Smith (615) 444-8701 or (615) 207-0830. www.quintinsmithfamilyangus.com Auctioneer: Mike Jones, TN Lic# 1607 (TnScan)

155 Lost & Found

Male's Wedding Band, lost after ice storm, uncertain of where it was lost. 484-1065.

215 Drivers

25 DRIVER TRAINEES NEEDED Learn to drive for Werner Enterprises! Earn $750 per week! CDL & Job Ready in 3 weeks 1-888-407-5172 (TnScan)

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NURSING OPPORTUNITIES
Life Care Center of Crossville

REGISTERED NURSE
Full-time position available for Night Shift. Must be a Tennessee-Licensed RN.

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Full-time position available for 2 p.m. - 10 p.m. shift. Must be a Tennessee-certified nursing assistant.

Long-term care experience preferred. We offer great pay and benefits in a team oriented environment.

Barbara Jones
931-484-4782 | 931-456-0309 Fax
80 Justice St. | Crossville, TN 38555
Barbara_Jones@LCCA.com
LifeCareCenters.com
EOE/M/F/V/D - 57538

Life Care Center of Crossville

Good Samaritan Society
Fairfield Glade

Good Samaritan Society is now accepting applications/resumes for the following positions:

CNA/LPN/RN

Dietary Assistant
(On Call)

The Good Samaritan Society is an EOE and Affirmative Action employer. Apply on-line at www.good-sam.com.

City of Crossville
Postion Open
Utility Worker I
Utility Maintenance Department

The City of Crossville is now accepting applications through the Department of Labor Tennessee Career Center located at 60 Ridley Street, Crossville, Tennessee for the position of Utility Worker I in the Utility Maintenance Department. This position is responsible for performing a variety of manual tasks in the installation, repair and maintenance of water and sewer lines. A complete job description is available with application request. Applicants must possess a high school diploma or GED, plus 1 to 2 years of direct related experience. Applicants will need proof of identity, eligibility for employment, automobile liability insurance, a valid TN driver's license and able to pass a drug screening and physical. Starting annual salary for this position is $22,065.97.

Applications will be taken though the close of business on April 17, 2015. The City of Crossville is an EEO/Affirmative Action employer and does not discriminate on the basis of race, age, sex, religion, color, disability or national origin.

215 Drivers

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225 General Help Wanted

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Tri State Distribution, Inc., is accepting applications for entry level & experienced, skilled positions, on all shifts. We offer a clean & safe working environment, job stability, opportunities for advancement, competitive compensation + benefits, including paid vacations & holidays. Group health, dental, vision, disability, & life insurance, is also available. High School Diploma or GED equiv. + background check/pre-hire drug screen req. Apply in person from 10-11A.M. only, or send resume to: *Human Resources at 600 Vista Drive, Sparta, TN, 38583,* or by fax at: 931-738-2019. Tri State Distribution is an EOE.

FARM WORKER - Year round work, FT preferred, benefit package, good with horses & cattle, knowledge of farm equip. and ability to perform minor repairs. Position avail. now. Fill out application at CPM, 85 Birchwood Lane, Crossville, TN 38555. Located off West Ave., near Food City. Absolutely no phone calls.

Need someone to do light duty Diesel work on trucks & must be able to weld. Call 931-484-2041.

Now Hiring for Landscape Crew. Apply at 3321 Peavine Rd., Crossville, TN 38571; 931-456-8600.

Now Hiring Servers, Hostesses & Line Cooks. Must have experience. Apply within Gondola at 30 Woodmere Mall.

Papa John's is now hiring Delivery Drivers. Please apply in person at #20, The Crossings, Burke's Shopping Center. No phone calls please.

225 General Help Wanted

HELP WANTED
Dishwashers, Bartenders, Waitresses, Cooks & Hostesses
Apply In Person
NO PHONE CALLS
2476 Dunbar Rd.

Crossville Cracker Barrel will be hosting a JOB FAIR
Hiring for ALL POSITIONS
If interested, CALL 931-456-9622 for an appointment.

Hardee's
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Hardee's is looking for talented people who want to work for a company that offers the best salary, benefits, training and is committed to you! You can taste the pride at Hardee's. Join the team everyone is talking about. Great opportunities for motivated, talented, high-energy people. Please email your resume to: ddaniels@nckr.com
EOE

Established local company seeking full-time administrative professional with minimum of 2-5 years' experience in supervision or office mgt; some HR experience a plus & college degree preferred. Requires some flexibility in work schedule w/ full benefits package and pay based on experience. Please submit resume and references to:

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931-787-1727
Tennessee Career Center Bldg. Between Livingston and Main

230 Job Wanted

C.N.A, male, w/14 yrs. exp. will sit w/young or old. Cert. in CPR & emer. care. Refs. avail. Jerry, 931-303-6500.

235 Medical

Fairfield Glade Assisted Living is now hiring Caregivers, Part Time, PRN all shifts. Apply in person between 7am-1pm, 637 Woodgate Dr., 456-7793.

365 Farm Equipment

TENNESSEE HUNTING LAND WANTED! Earn thousands on your land by leasing the hunting rights. Free evaluation & info packet. Liability coverage included. The experts at Base Camp Leasing have been bringing landowners & hunters together since 1999. Email: info@basecampleasing.com; Call: 866-309-1507; BaseCampLeasing.com (TnScan)

380 Free Items

Free Fire Wood: Not large, hardwood tree on ground. Needs cutting up & hauling off. A few limbs to also remove. (931)303-1007.

385 Furniture

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WANTED: To Buy Good Clean Used Furniture For Resale! 931-248-2600

390 Garage Sale

108 Devonshire, FFG, (off St. George), April 9th-11th; Thur., Fri., Sat., 8am-3pm. Household items, some small furniture, 2 family sale, 707-1884.

127 Highgate Drive, FFG, Sale 7:30am-???. Incl: Some Furniture & Misc. Items, Too Much To List!

335 West Creek Drive, Crossville, April 11, Sale from 8am-2pm, Rain or Shine, Incl: Bikes (21 speeds), tables, chairs, clothing (sizes 6-XLG), shoes (7½), games, flower vases, Christmas items, lots misc. items.

Clarkrange, 1425 Baldwin Gulf Rd. Estate Sale 8 AM-5 PM, Friday-Sunday April 10-12, 12-5 PM, Sunday. Antiques, vintage glass milk & depression, clothing, housewares, tools, auto, Gun reloading equipment, Toys, lamps, vintage cuckoo clocks.

Dream Sweep Yard Sale: *Sat. May 2nd, 7a-3p, Putnam Co. Fairgrounds* Presented by Freddy Duncan Moving & Storage Proceeds benefit Habitat for Humanity. Sign up for your booth today! 1069KicksCountry.com

ESTATE SALE
24 Jim Garrett Rd., Mayland. Friday, April 10th, Saturday, April 11th, 8-5. Antiques, household, clothes, décor, furniture.

Indoor Sale:
120 Sunset Point in Sunset Ridge off 127 N. Fri.4/10-Sat.4/11, 8am-4pm. Household goods, tools, Dixon mower, refrigerators.

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EQUAL OPPORTUNITY EMPLOYER

WyndRidge Health and Rehabilitation Center in Crossville, TN has an opening for

Financial Director/Medicare Biller

The applicant will be responsible for submitting claims, performing follow up, posting payments and providing overall direction of the financial department, including:

- Electronic Claims Submission to Part A Intermediary
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Prior Medicare billing experience preferred. Wyndridge offers a multitude of benefits coupled with a generous PTO arrangement

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(931) 484-2685 (fax)
EOE
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This position is responsible for coding and abstracting of medical records for Professional Services, as well as working with Providers to clarify or improve areas which affect coding. May also complete special projects related to coding, documentation, and chart auditing.

Current credentials as Certified Professional Coder (CPC), Certified Coding Specialist - Physician Based (CCS-P), or other acceptable coding certification are required as well as strong knowledge base of CPT, HCPCS, ICD-9, and coding guidelines.

Education: A minimum of two years' experience in medical billing/coding with experience in appropriate coding and billing practices for Professional Services required. Previous coding for multiple specialties preferred.

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State of Tennessee, Cumberland County: }

Pauline D. Sherrer

being duly sworn, upon her oath says, that she is the publisher of the CROSSVILLE CHRONICLE, a tri-weekly newspaper published in the State and County aforesaid; that the annexed and foregoing advertisement was published in said newspaper for One consecutive weeks;

Publication Dates Are:

4/8/15

2015

Publisher

Subscribed and sworn to before me, this 8th day of April, 2015

Notary Public

My commission expires, 4/8, 2018

STATE OF TENNESSEE NOTARY PUBLIC CUMBERLAND COUNTY ELENA D. FISHER

SUPPLEMENTAL - #1
-Copy-

Cumberland Medical Center
Emergency Department

CN1504-011

SUPPLEMENTAL #1
April 20, 2015
10:22 am

1. Section A, Applicant Profile, Item 13

   Please clarify if the applicant contracts with TennCare Select.

   Yes. As indicated on page 51 of the original CON application, Cumberland Medical Center has a contract with BlueCross Blue Shield of Tennessee (BCBST) which includes the TennCare Select product (as well as the BlueCare product). Please see "Replacement Page 7" that has been included as a supplemental attachment to provide additional clarification.

   Supplemental Attachment: Question 1

2. Section B, Project Description, Item I

   Please clarify where CT scanner services will be located in relation to the proposed ER.

   CT scanner services will be located in the CMC Radiology Department which is located immediately adjacent to both the current Emergency Department and the proposed location for the new Emergency Department (i.e. please see *Attachment B.III.A. Plot Plan* of the original CON application - i.e. *"Existing Campus"* and *"New Emergency Department"* drawings). A supplemental attachment has been provided to further clarify the exact location of the CT scanner services in the CMC Radiology Department that will be in close proximity to the new Emergency Department.

   Supplemental Attachment: Question 2

3. Section B, Project Description, Item II.A.

   If approved, please clarify where the current outpatient rehabilitation unit will be located.

   If the CMC Emergency Department project is approved, the current outpatient rehabilitation unit will likely be relocated to an open suite within one of two well-known medical office buildings owned and controlled by Cumberland Medical Center. The clinical suites are appropriate for such outpatient rehabilitation services, easily accessible to patients, and currently available and ready for immediate use if the project is approved. The proposed buildings are in close proximity to the main CMC hospital campus. A decision about whether the outpatient rehabilitation unit relocation would be either temporary or permanent will be made at a later date to ensure than an optimal outpatient rehabilitation care environment is available long-term for CMC patients. A picture is included as a supplemental attachment to show how adequate parking and first floor care environment accessibility will remain available for all CMC outpatient rehabilitation patients.

   Supplemental Attachment: Question 3

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Please complete the following table:

Proposed Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	281	146.5	120 (typ. exam)
Secure/Psych Rooms	2	193	96.5	60
Trauma Rooms	2	515	257.5	250
Cardiac Care Rooms	2	156	156	120
ISO/ENT Room	1	171.5	171.5	120
Bariatric Room	1	200	200	200
Exam Rooms	15	1,907	127.13	120
Other				
Total	25	3,423.5	1,155.13	990
Current Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	199	99.5	120
Secure/Psych Rooms	2	254	127	60
Trauma Rooms	2	414	207	250
Cardiac Care Rooms	2	348	174	120
Orthopedic room	1	178	178	Not Specified (120)
ENT Room	1	138	138	120
Exam Rooms	7	841.4	120.2	120
Other				
Total	17	2,372.4	1,043.7	910

Chart Notes: all square footages based on 'clear floor area' as designated by the *Guidelines for Design and Construction of Healthcare Facilities*

How does the square feet per exam room compare to previously approved emergency department projects?

The square feet per exam room for this project are similar to previously approved CON projects that included a new hospital emergency department designed and build to meet all current AIA Minimum Square Footage Guidelines – for example, LeConte Medical Center (CN0608-058) and Roane Medical Center (CN1101-001) hospital replacement projects that each included state-of-the-art emergency departments appropriate for a community hospital.

Please clarify if the new proposed emergency department will have an orthopedic room.

It has been requested by Emergency Department physicians and staff that most orthopedic and cast work may be provided in all exam rooms – as section A2.203.1.3.6 (7) of the *Guidelines*

for Design and Construction of Healthcare Facilities notes: "these [orthopedic and cast work] may be provided in separate room(s) or in the trauma/resuscitation room."

The designs for this new CMC Emergency Department will allow most orthopedic work to be done within all exam/treatment rooms - and more extensive orthopedic work can be performed in one of the two designated "Trauma Rooms".

Please describe the trauma room.

As outlined in section A2.203.1.3.6 (6) of the *Guidelines for Design and Construction of Healthcare Facilities*, the designated trauma rooms for this project will have a minimum clear floor area of 250 square feet, a minimum clear dimension of 5 feet to any permanently fixed object around all sides of the stretcher, and contain cabinets for supply storage and emergency supply shelves, x-ray film illuminators and/or picture archiving and communications systems (PACS), an examination light, and counter space for writing or electronic documentation. In addition the door openings will have a minimum clear dimension of 6 feet to accommodate stretchers, equipment, and personnel.

4. Section B, Project Description Item III.A.(Plot Plan)

Please clarify where the helipad is located.

This project will utilize the same existing helipad that has supported CMC emergency patient transports for many years. The helipad is located less than .25 miles from the main hospital campus, across one road (Hayes Street) and a parking lot immediately Southeast of the main campus.

All CMC Emergency Department patients requiring a helicopter transport are moved to the helipad via immediate ambulance transport. To support the transport process, qualified EMS personnel meet the helicopter clinical staff at the helipad and transport the helicopter clinical staff to the CMC Emergency Department. Then, the helicopter clinical team receives an appropriate patient report from the CMC Emergency Department physicians and staff before the EMS personnel and helicopter team transport the patient to the helipad for loading and air-transfer. For critically ill or injured patients, CMC Emergency Department physicians and/or staff provide an appropriate patient report to the helicopter team prior to helicopter arrival and then travel to the helipad with the patient to ensure highest levels of patient care and safety before helicopter transport.

SUPPLEMENTAL #1
April 20, 2015
10:22 am

5. Need, Item 1. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions, #3.a)

The hospital statistic table for the years 2012-2014 is noted. However, please clarify why the statistics provided do not match the 2012 and 2013 Joint Annual Reports.

The cited variance is due to different reporting periods. All tables and charts in the CON application are based upon "calendar year" consistently to avoid confusion (rather than "fiscal year"). However, the data provided in recent CMC Joint Annual Reports (JARs) were based upon a fiscal year reporting period (i.e. July 1, 2012 – June 30, 2013), as indicated on page 2 on the hospital JAR. The data in both the CON application and the JARs come from the same sources and are consistent.

Please clarify the reason ER visits peaked in 2012 and now appear to be on the decline.

The high volumes in 2012 were an outlier from total ER visits experienced at CMC in recent years (i.e. as outlined in charts within the CON application showing multiple years: 2010-2014). There were three primary drivers believed to have created a higher CMC Emergency Department Visit Total in 2012.

First, CMC experienced a significantly higher volume of influenza and some weather related Emergency Department cases in 2012 – including a higher number of patients who visited the CMC Emergency Department with upper respiratory concerns and related clinical issues.

Second, there has been a lack of free-standing "walk-in clinic" or "urgent care clinic" options in Cumberland County historically to treat non-emergency patients. One additional such patient care clinic opened in both 2013 and 2014. Such factors were considered along with others in the planning and development of the proposed project.

Third, it is believed by some that there is some effect of unemployment rates in a geographic region on the utilization patterns of some medical services, especially the use of emergency services at local community hospitals. As individuals within a community experience unemployment (often coupled with a related lack of insurance coverage), they can suffer increased stress levels that can create health concerns, they may postpone needed routine care or medical screenings, and their health may decline thus increasing demand for emergency or urgent care related to chronic conditions. The unemployment rates in Cumberland County were approximately 13% in 2011-2012 – and only about 9% or less in 2014. The CMC self-pay category as of January 2012 was 6.6% compared to 4.2% as of December 2014. As a non-profit hospital, CMC is accessible to all patients in the service area for needed emergency care.

6. Need, Item 1. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions, #3.b)

The applicant states the current emergency department areas do not meet current standards and expectations. Please clarify if there were any past licensure issues associated with outdated emergency department treatment areas.

There have been no licensure or certification issues associated with the outdated emergency department.

SUPPLEMENTAL #1
April 20, 2015
10:22 am

7. **Section C, Need, Item 4. A and B**

Population projections in the table located on page 30 are noted. However, please revise the table and resubmit to reflect 2015 and 2019 population projections.

Supplemental Attachment: Question 7

8. **Section C, Need, Item 5**

Please complete the following Service Area Historical Utilization table for the latest three year Joint Annual Reporting period.

Cumberland Medical Center: 2012-2014

	2012			2013			2014		
Hospital	Beds	Days	Occ'y	Beds	Days	Occ'y	Beds	Days	Occ'y
Cumberland Medical Center	189	21,838	31.57%	189	22,960	33.28%	189	25,102	36.39%

9. **Section C, Need, Item 5**

What is Cumberland County resident ER destination data for each of the last 3 years?

Provided as attachments are the most recent applicable reports regarding "Tennessee Emergency Department Visits by Resident County of Patient" available online from the Tennessee Department of Health, Division of Policy, Planning and Assessment, Tennessee Hospital Discharge Data:

Number of Inpatient Discharges with Emergency Department Services, by Resident County of Patient

Number of Outpatient Visits with Emergency Department Services, by Resident County of Patient

http://health.state.tn.us/statistics/PdfFiles/ER_Dept_Visits_2012/ERReport12a.pdf

Supplemental Attachment: Question 9

SUPPLEMENTAL #1
April 20, 2015
10:22 am

10. Section C, Economic Feasibility Item 4

Historical Data Chart

The ER visits of 35,204 in 2012 and 32,829 in 2013 in the Historical Data Chart are noted. However, the figures do not match the Cumberland Medical Center's submitted Joint Annual Reports for 2012 and 2013, please clarify.

The cited variance is due to different reporting periods. All tables and charts in the CON application are based upon "calendar year" (January-December) consistently to avoid confusion (rather than "fiscal year"). However, the data provided in recent CMC Joint Annual Reports (JARs) were based upon a fiscal year reporting period (i.e. July 1, 2012 – June 30, 2013), as indicated on page 2 on the hospital JAR. The data in both the CON application and the JARs come from the same sources and are consistent.

Please clarify the reason salaries and wages decreased 9% from 2012 to 2014 while physician's wages increased 10% during the same period.

The noted decrease in salaries and wages was driven by significant hospital-wide work efficiency improvements and departmental productivity increases which reduced overall costs.

The noted increase in physician salaries and wages was driven by more employed physicians for CMC (i.e. consistent with nationwide and statewide trends) and the short-term utilization of outside locums to provide ongoing coverage for some clinical services.

Please clarify the reason there is a positive amount of $1,854,659 for taxes in 2014 in the Historical Data Chart.

The accounting methodology utilized by Cumberland Medical Center (CMC) prior to becoming a member of Covenant Health (CH) was different. Prior to the merger, CMC recognized the revenues and expenses associated with the "TennCare Tax Assessment" in separate categories. The CH methodology is to handle both sides of the transaction under a single category. Therefore, the post-merger change created a one time adjustment which produced a negative expense category reflected in the chart.

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Please complete the following chart for Other Expenses:

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	2012	2013	2014
1. Routine Maintenance	853,446	873,725	846,438
2. Utilities	1,478,944	1,514,086	1,466,800
3. Rentals and Leases	516,952	529,236	512,707
4. Benefits	6,491,073	6,645,311	6,437,773
5. Purchased Services	5,241,433	5,365,977	5,198,394
6. Insurance	1,459,949	1,494,639	1,447,961
7. Professional Fees	914,503	936,233	906,994
8. Travel, Education, Training, Other	1,896,848	1,941,920	1,881,272
Total Other Expenses	$ 18,853,149	$ 19,301,127	$ 18,698,340

Projected Data Chart

Please provide a Projected Data Chart which represents Cumberland Medical Center for the projected years 2017-2018.

Supplemental Attachment: Question 10

Why is there no depreciation allocated in the Projected Data Chart?

The Projected Data Chart in the original CON application represents the scope of the proposed project under review (i.e. only the CMC Emergency Department). Depreciation convention utilized by CMC does not record any departmental depreciation expense for the building project at the department level. Both equipment and building components are recorded at the institutional level. The equipment would be allocated on a 15 year basis and the new construction and renovation (building) over a 40 year basis.

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Please complete the following chart for Other Expenses:

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	2017	2018
1. Office and General	5,893	6,188
2. Education, Training, Related Travel	5,742	6,029
3. Routine Maintenance and Repairs	2,363	2,481
4. Membership Dues	1,784	1,873
Total Other Expenses	$ 15,782	$ 16,571

11. Section C, Economic Feasibility Item 5 and 6.A and 6.B

The average projected net charge of $236 is noted. However, please verify the calculation and revise if needed.

The calculation is correct and no revision is needed:

($23,342,927 Gross Rev less contractual allowance $15,662,399) / 32,571 = $235.81

($23,388,226 Gross Rev less contractual allowance $15,664,375) / 32,733 = $235.97

Rounded to $236.00

12. Section C, Economic Feasibility, Item 9

The table providing Medicare and TennCare/Medicaid percent of Gross Revenue is noted. However, the estimated gross revenue amount does not match the % of gross revenue in the Projected Data Chart. Please clarify.

First Full Year of Operation (2017):

TennCare $5,762,244 / $23,342,927 = .2469 or 24.69% Rounded to 25%

Medicare $9,434,029 / $23,342,927 = .4041 or 40.41% Rounded to 40% *(i.e. rather than 41% in CON)*

Supplemental Attachment: Question 12

SUPPLEMENTAL #1
April 20, 2015
10:22 am

13. Section C., Contribution to Orderly Development, Item 3

The applicant has provided the existing emergency department staffing pattern. Please clarify if the applicant will use the same staffing pattern for the proposed emergency department. If so, how can the staffing pattern meet anticipated need while the emergency department treatment rooms will increase from 17 to 25?

The applicant will use a similar staffing pattern for the proposed emergency department, and should gain additional efficiencies upon project completion. Like other efficient community hospitals, CMC staffing patterns are based upon actual patient volumes in real time rather than the total number of rooms available for patient care during peak volume periods. Also, it is important to note that annual patient volumes for the first two full years of the project are expected to be similar to annual patient volumes experienced in recent years *(i.e. see page 34 of the original CON application).* **As summarized throughout the CON application, the new Emergency Department facility designs have been developed to support enhanced staffing efficiencies over time to optimize the clinical care environment and effectiveness of CMC.**

CMC has achieved significant hospital-wide improvements in staffing efficiency and productivity during the past few years. Such has occurred as a result of the hospital's transition to a more disciplined staffing model that links clinical staffing levels with actual patient volumes (and needed care intensity levels) across departments. The new CMC staffing productivity program has been used and enhanced incrementally since 2012 to improve overall efficiency utilizing target benchmark levels based upon actual "real time" patient volumes rather than by physical space (or rooms) available in specific areas. The hospital management team staffs to appropriate personnel work load levels to ensure appropriate high quality care, safety, and service for all patients across clinical departments and support areas. CMC Emergency Department staffing is based upon "hours per statistic"; therefore, as actual patient volumes (and related needs) increase or decrease, staffing can be adjusted accordingly. The current CMC staffing ratio target for the Emergency Department is 2.47 hours per patient visit, consistent with modern hospital quality, safety, service, and efficiency standards. Emergency Department visits can fluctuate greatly within a community hospital setting; however, managing toward appropriate benchmark targets across anticipated high and low utilization periods promotes appropriate staffing levels in a high quality and cost effective manner.

What does the acronym "HUC" represent?

"HUC" is an acronym for "Health Unit Coordinator" (a job position title that has commonly replaced the title "unit secretary" once used in many hospitals).

SUPPLEMENTAL #1
April 20, 2015
10:22 am

14. Section C., Contribution to Orderly Development, Item 7.c.

Please clarify if there have been any licensure surveys in the past 3 years. If so, please provide a copy of the survey and correspondence.

There have been no specific hospital licensure surveys or cited deficiencies for CMC during the past few years. The hospital accreditation survey correspondence and certificates were included as attachments to the original CON application. The Joint Commission has granted full accreditation to CMC for all services surveyed under the *Comprehensive Accreditation Manual for Hospitals* - and cited no deficiencies or identified requirements for improvement in related correspondence dated March 22, 2013 *(i.e. Attachment C, Contribution to the Orderly Development of Health Care – 7.d. of the original CON application).*

15. Section C., Contribution to Orderly Development, Item 8 and 9

The applicant has responded "not applicable" to items 8 and 9. Please provide a clearer response.

Item 8: **The item is not applicable since CMC has no "final orders or judgments entered by any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant" to document and explain.**

Item 9: **The item is not applicable since CMC has no "final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project" to identify and explain.**

16. Project Completion Forecast Chart

The Project Completion Forecast Chart has construction beginning for the proposed project prior to the Agency decision. Please revise the Project Completion Forecast Chart in line with the projected Agency decision in July 2015.

Please see "Replacement Page 60" that has been provided as a supplemental attachment.

Supplemental Attachment: Question 16

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Supplemental Attachment: Affidavit

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Supplemental Attachments

SUPPLEMENTAL #1
April 20, 2015
10:22 am

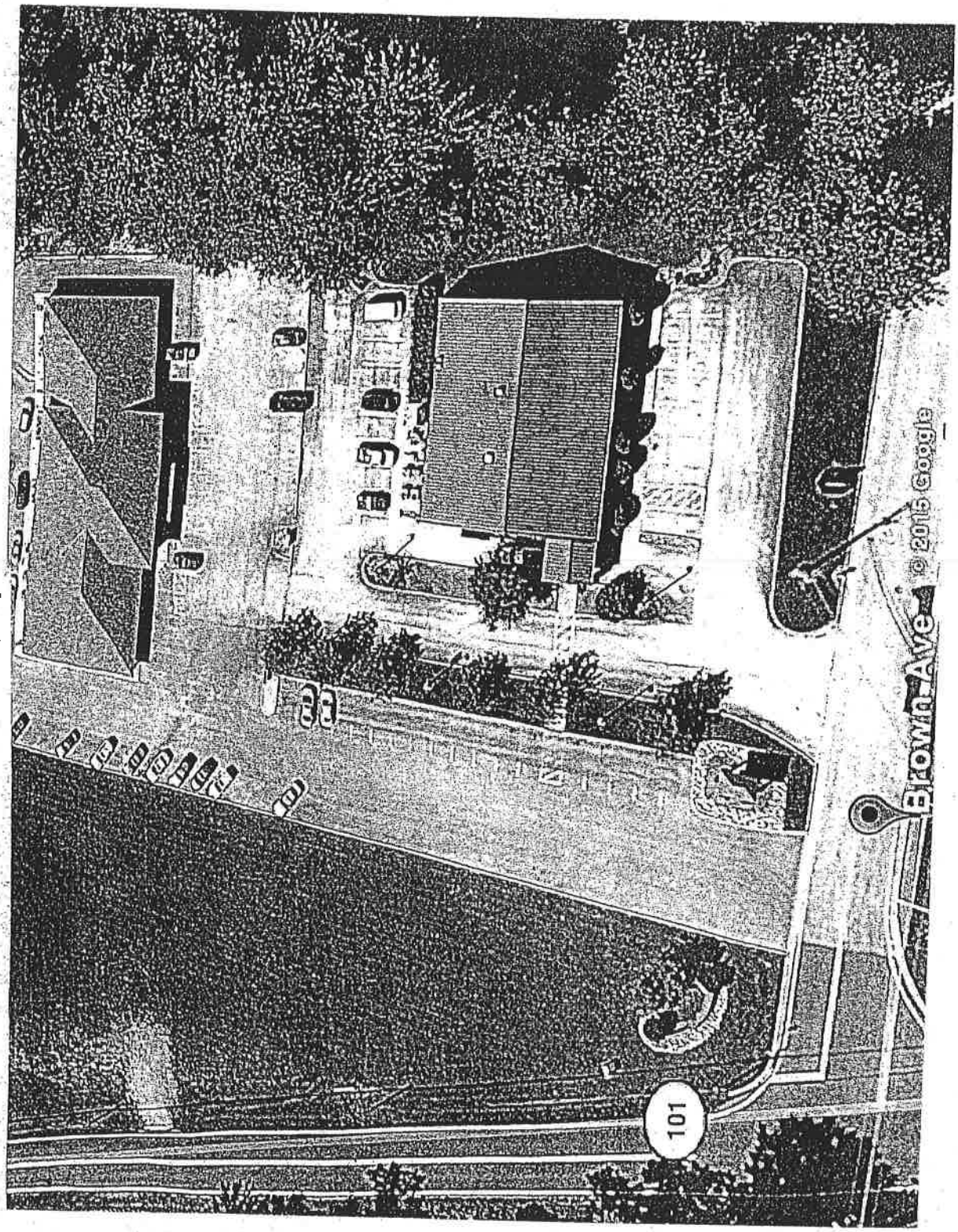
Supplemental Attachment: Question 1

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Supplemental Attachment: Question 3

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Proposed Location of CMC Outpatient Rehabilitation Services



SUPPLEMENTAL #1
April 20, 2015
10:22 am

Supplemental Attachment: Question 9

Abstract

Nationally, the use of emergency department services steadily increased from 366 per 1,000 persons in 2000 to 424 per 1,000 persons in 2012, even though the number of emergency departments has decreased (http://www.aha.org/research/reports/tw/chartbook/2014/table3-3.pdf). This upsurge in emergency department use is a growing financial concern, since emergency departments are required to provide some type of care to all patients even those who are uninsured and have no means of paying for the service. To better understand the unique role emergency departments play in the state, this report summarizes 2012 Tennessee hospital emergency department data by type of admission, gender, race, patient age, source of payment, first listed diagnosis and patient origin.

Methods

The comprehensive *Tennessee Hospital Discharge Data System (HDDS)* is maintained by the Tennessee Department of Health and contains information about hospital inpatient and outpatient (emergency department, day surgeries, and 23-hour observations) services. This report focuses on hospital visits, both inpatient and outpatient, that involved Tennessee emergency department services. Data from nonfederal, short-term hospitals where the average stay is less than 30 days were included. Psychiatric and rehabilitation facilities, which do not provide emergency or acute care, were excluded. Federal facilities are not required to report services and were also excluded. All visits, those by Tennessee residents and nonresidents, were included.

In 2007, Tennessee started collecting data for 18 diagnoses (compared to nine previously) and three external causes of injury (compared to one previously). The 2012 Tennessee Hospital Discharge Data System information listed below uses this new collection format.

Description of the Emergency Department Report

Growing concerns about the potential overuse of emergency department services, especially by the uninsured, prompted a closer look at hospital utilization in Tennessee. First, it is important to recognize there are two ways a person can use emergency department services. One way is to seek emergency department care where all needs are met, no additional services are needed, and the patient is discharged. Another way is to seek emergency department care but require additional services, extending the hospital visit into an inpatient stay. For this report, both emergency department only visits and emergency department visits resulting in inpatient stays are given. Tennessee

Use of Hospital Emergency Department Data

To see the hospital emergency department data table for one of the twelve listed categories in this report, click anywhere on the line containing the selected report.

Tennessee Hospital Emergency Department Visits 2012
1. Number of Inpatient Discharges and Outpatient Visits, With Emergency Department Services by Resident Status
2. Number of Inpatient Discharges and Outpatient Visits, With Emergency Department Services by Type of Admission
3. Number of Inpatient Discharges and Outpatient Visits, With Emergency Department Services, by Gender
4. Number of Inpatient Discharges and Outpatient Visits, With Emergency Department Services, by Race
5. Number of Inpatient Discharges With Emergency Department Services, by Primary Payer Source and Age
6. Number of Outpatient Visits With Emergency Department Services, by Primary Payer Source and Age
7. Number of Inpatient Discharges With Emergency Department Services, by First Listed Diagnosis and Age
8. Number of Outpatient Visits With Emergency Department Services, by First Listed Diagnosis and Age
9. Number of Inpatient Discharges With Emergency Department Services, by County of Hospital
10. Number of Outpatient Visits With Emergency Department Services, by County of Hospital
11. Number of Inpatient Discharges With Emergency Department Services, by Resident County of Patient
12. Number of Outpatient Visits With Emergency Department Services, by Resident County of Patient

Additional data may be obtained by contacting the Tennessee Department of Health, Division of Policy, Planning and Assessment, Tennessee Hospital Discharge Data
Andrew Johnson Tower, Nashville, Tennessee, 37243

The mission of the Department of Health is to protect, promote and improve the health and prosperity of people in Tennessee.

Department of Health, Authorization No. 343126 (03/14) website only

Number of *Inpatient Discharges* with Emergency Room Services by *Resident County of Patient* and the Number and Percent of the *Four Leading Hospital Counties* Where Discharges Occurred, Tennessee Short Term Hospitals, 2012

Resident County of Patient	Total Resident Inpatient Discharges for County	Most Used Hospital County			Second Most Used Hospital County			Third Most Used Hospital County			Fourth Most Used Hospital County		
	Total Number	County	Number	Percent	County	Number	Percent	County	Number	Percent	County	Number	Percent
State	435,192	Shelby	83,009	19.1	Davidson	65,864	15.1	Knox	42,875	9.9	Hamilton	36,111	8.3
Anderson	5,710	Anderson	3,669	64.3	Knox	1,916	33.6	Campbell	34	0.6	Blount	24	0.4
Bedford	2,813	Bedford	1,684	59.9	Davidson	411	14.6	Rutherford	373	13.3	Coffee	262	9.3
Benton	1,059	Madison	480	45.3	Henry	288	27.2	Davidson	174	16.4	Carroll	36	3.4
Bledsoe	553	Hamilton	398	72.0	Cumberland	81	14.6	Rhea	22	4.0	Knox	15	2.7
Blount	9,258	Blount	6,646	71.8	Knox	2,469	26.7	Anderson	28	0.3	Davidson	25	0.3
Bradley	6,954	Bradley	5,257	75.6	Hamilton	1,566	22.5	McMinn	52	0.7	Davidson	29	0.4
Campbell	3,330	Campbell	1,840	55.3	Knox	1,045	31.4	Anderson	420	12.6	Claiborne	6	0.2
Cannon	931	Rutherford	400	43.0	Cannon	250	26.9	Davidson	186	20.0	Dekalb	30	3.2
Carroll	2,165	Madison	1,132	52.3	Carroll	696	32.1	Henry	109	5.0	Davidson	108	5.0
Carter	3,293	Washington	1,878	57.0	Carter	1,257	38.2	Sullivan	118	3.6	Davidson	14	0.4
Cheatham	2,189	Davidson	1,905	87.0	Robertson	146	6.7	Montgomery	50	2.3	Cheatham	42	1.9
Chester	1,428	Madison	1,314	92.0	Shelby	34	2.4	McNairy	30	2.1	Henderson	19	1.3
Claiborne	1,612	Claiborne	901	55.9	Knox	517	32.1	Campbell	106	6.6	Hamblen	43	2.7
Clay	498	Clay	205	41.2	Overton	114	22.9	Putnam	94	18.9	Davidson	58	11.6
Cocke	2,965	Cocke	1,779	60.0	Knox	638	21.5	Hamblen	346	11.7	Greene	96	3.2
Coffee	3,574	Coffee	2,468	69.1	Davidson	486	13.6	Rutherford	346	9.7	Franklin	96	2.7
Crockett	1,345	Madison	1,229	91.4	Shelby	42	3.1	Dyer	26	1.9	Gibson	19	1.4
Cumberland	3,825	Cumberland	2,974	77.8	Putnam	306	8.0	Knox	206	5.4	Davidson	107	2.8
Davidson	36,364	Davidson	35,053	96.4	Rutherford	443	1.2	Sumner	346	1.0	Williamson	164	0.5
Decatur	1,106	Madison	527	47.6	Decatur	449	40.6	Davidson	78	7.1	Shelby	18	1.6
Dekalb	1,073	Dekalb	603	56.2	Davidson	199	18.5	Putnam	74	6.9	Wilson	63	5.9
Dickson	3,065	Dickson	1,970	64.3	Davidson	1,039	33.9	Montgomery	20	0.7	Williamson	9	0.3
Dyer	3,411	Dyer	2,146	62.9	Madison	898	26.3	Shelby	261	7.7	Obion	67	2.0
Fayette	2,438	Shelby	2,215	90.9	Fayette	148	6.1	Madison	43	1.8	Davidson	8	0.3
Fentress	1,399	Fentress	956	68.3	Putnam	183	13.1	Knox	90	6.4	Cumberland	77	5.5
Franklin	2,729	Franklin	1,818	66.6	Coffee	554	20.3	Davidson	190	7.0	Hamilton	95	3.5
Gibson	4,037	Madison	3,167	78.4	Gibson	521	12.9	Shelby	131	3.2	Davidson	62	1.5
Giles	1,519	Giles	825	54.3	Maury	384	25.3	Davidson	245	16.1	Lawrence	27	1.8
Grainger	1,540	Knox	628	40.8	Hamblen	608	39.5	Jefferson	233	15.1	Claiborne	23	1.5
Greene	4,918	Greene	3,946	80.2	Washington	524	10.7	Sullivan	250	5.1	Hamblen	74	1.5
Grundy	1,211	Franklin	706	58.3	Hamilton	183	15.1	Coffee	93	7.7	Warren	81	6.7
Hamblen	4,893	Hamblen	3,963	81.0	Knox	543	11.1	Jefferson	223	4.6	Cocke	24	0.5
Hamilton	19,812	Hamilton	19,471	98.3	Bradley	109	0.6	Davidson	98	0.5	Knox	41	0.2
Hancock	394	Hamblen	131	33.2	Hancock	101	25.6	Sullivan	60	15.2	Knox	35	8.9
Hardeman	2,014	Madison	1,369	68.0	Shelby	366	18.2	Hardeman	202	10.0	McNairy	31	1.5
Hardin	1,938	Hardin	821	42.4	Madison	758	39.1	Shelby	177	9.1	Davidson	87	4.5
Hawkins	4,170	Sullivan	2,457	58.9	Hawkins	1,057	25.3	Hamblen	376	9.0	Greene	95	2.3
Haywood	1,599	Madison	1,067	66.7	Haywood	344	21.5	Shelby	156	9.8	Davidson	10	0.6
Henderson	2,543	Madison	1,671	65.7	Henderson	626	24.6	Davidson	106	4.2	Shelby	59	2.3
Henry	1,926	Henry	1,304	67.7	Madison	334	17.3	Davidson	157	8.2	Carroll	70	3.6
Hickman	1,250	Davidson	496	39.7	Dickson	492	39.4	Maury	137	11.0	Hickman	72	5.8
Houston	348	Davidson	140	40.2	Dickson	89	25.6	Montgomery	79	22.7	Houston	35	10.1
Humphreys	952	Dickson	501	52.6	Davidson	344	36.1	Humphreys	47	4.9	Madison	24	2.5
Jackson	895	Putnam	619	69.2	Clay	72	8.0	Davidson	71	7.9	Overton	49	5.5
Jefferson	3,283	Jefferson	1,379	42.0	Knox	1,028	31.3	Hamblen	616	18.8	Cocke	121	3.7
Johnson	517	Washington	285	55.1	Carter	137	26.5	Sullivan	74	14.3	Johnson	13	2.5

Resident County of Patient	Total Resident Inpatient Discharges for County	Most Used Hospital County			Second Most Used Hospital County			Third Most Used Hospital County			Fourth Most Used Hospital County		
	Total Number	County	Number	Percent	County	Number	Percent	County	Number	Percent	County	Number	Percent
Knox	24,143	Knox	23,291	96.5	Anderson	267	1.1	Blount	193	0.8	Davidson	80	0.3
Lake	641	Dyer	354	55.2	Madison	143	22.3	Obion	78	12.2	Shelby	54	8.4
Lauderdale	1,590	Shelby	590	37.1	Madison	501	31.5	Dyer	307	19.3	Tipton	86	5.4
Lawrence	2,391	Lawrence	1,180	49.4	Maury	795	33.2	Davidson	352	14.7	Giles	22	0.9
Lewis	662	Maury	473	71.5	Davidson	110	16.6	Perry	62	9.4	Williamson	11	1.7
Lincoln	1,512	Lincoln	1,077	71.2	Davidson	209	13.8	Coffee	63	4.2	Franklin	54	3.6
Loudon	3,242	Knox	1,681	51.9	Loudon	1,195	36.9	Blount	189	5.8	Monroe	96	3.0
McMinn	2,948	McMinn	1,676	56.9	Knox	436	14.8	Bradley	268	9.1	Monroe	253	8.6
McNairy	2,009	Madison	1,006	50.1	McNairy	715	35.6	Hardin	125	6.2	Shelby	125	6.2
Macon	1,586	Macon	550	34.7	Sumner	429	27.0	Davidson	346	21.8	Wilson	108	6.8
Madison	8,185	Madison	7,845	95.8	Shelby	197	2.4	Davidson	110	1.3	Haywood	5	0.1
Marion	1,967	Hamilton	1,169	59.4	Marion	727	37.0	Franklin	40	2.0	Davidson	17	0.9
Marshall	1,363	Maury	660	48.4	Davidson	295	21.6	Williamson	175	12.8	Marshall	157	11.5
Maury	4,331	Maury	3,185	73.5	Davidson	690	15.9	Williamson	415	9.6	Rutherford	10	0.2
Meigs	767	McMinn	199	25.9	Bradley	160	20.9	Hamilton	158	20.6	Monroe	138	18.0
Monroe	3,081	Monroe	1,246	40.4	Knox	792	25.7	Blount	616	20.0	McMinn	212	6.9
Montgomery	7,039	Montgomery	5,196	73.8	Davidson	1,707	24.3	Dickson	48	0.7	Robertson	29	0.4
Moore	383	Coffee	259	67.6	Davidson	50	13.1	Bedford	22	5.7	Lincoln	21	5.5
Morgan	1,522	Anderson	837	55.0	Knox	283	18.6	Roane	183	12.0	Fentress	91	6.0
Obion	2,009	Obion	1,070	53.3	Madison	533	26.5	Weakley	134	6.7	Shelby	124	6.2
Overton	1,713	Overton	1,010	59.0	Putnam	490	28.6	Davidson	120	7.0	Hamilton	31	1.8
Perry	610	Perry	351	57.5	Davidson	103	16.9	Madison	56	9.2	Maury	51	8.4
Pickett	321	Overton	218	67.9	Putnam	54	16.8	Davidson	23	7.2	Fentress	17	5.3
Polk	1,043	Bradley	515	49.4	Hamilton	325	31.2	McMinn	122	11.7	Polk	55	5.3
Putnam	4,380	Putnam	3,672	83.8	Davidson	341	7.8	Overton	122	2.8	Hamilton	49	1.1
Rhea	1,380	Hamilton	751	54.4	Rhea	359	26.0	Roane	71	5.1	Knox	70	5.1
Roane	3,996	Knox	1,418	35.5	Anderson	1,214	30.4	Roane	1,095	27.4	Loudon	137	3.4
Robertson	3,931	Robertson	1,945	49.5	Davidson	1,646	41.9	Sumner	275	7.0	Montgomery	43	1.1
Rutherford	12,748	Rutherford	10,109	79.3	Davidson	2,364	18.5	Williamson	71	0.6	Bedford	35	0.3
Scott	1,139	Knox	491	43.1	Anderson	287	25.2	Campbell	150	13.2	Fentress	116	10.2
Sequatchie	920	Hamilton	738	80.2	Marion	143	15.5	Knox	21	2.3	Bledsoe	5	0.5
Sevier	4,686	Knox	2,349	50.1	Sevier	2,018	43.1	Blount	149	3.2	Cocke	49	1.0
Shelby	62,390	Shelby	62,093	99.5	Davidson	105	0.2	Madison	67	0.1	Haywood	21	0.0
Smith	1,348	Smith	625	46.4	Davidson	354	26.3	Wilson	241	17.9	Putnam	39	2.9
Stewart	711	Montgomery	399	56.1	Davidson	172	24.2	Henry	105	14.8	Houston	13	1.8
Sullivan	12,122	Sullivan	11,030	91.0	Washington	926	7.6	Carter	65	0.5	Knox	39	0.3
Sumner	9,115	Sumner	6,073	66.6	Davidson	2,814	30.9	Robertson	65	0.7	Wilson	41	0.4
Tipton	4,136	Shelby	3,381	81.7	Tipton	678	16.4	Madison	45	1.1	Davidson	10	0.2
Trousdale	517	Trousdale	165	31.9	Sumner	150	29.0	Wilson	95	18.4	Davidson	93	18.0
Unicoi	1,429	Unicoi	718	50.2	Washington	660	46.2	Sullivan	25	1.7	Carter	14	1.0
Union	1,162	Knox	1,084	93.3	Claiborne	61	5.2	Blount	5	0.4	Anderson	4	0.3
Van Buren	383	Putnam	125	32.6	White	119	31.1	Warren	74	19.3	Hamilton	26	6.8
Warren	2,698	Warren	1,765	65.4	Davidson	342	12.7	Rutherford	223	8.3	Dekalb	83	3.1
Washington	7,586	Washington	6,529	86.1	Sullivan	691	9.1	Greene	175	2.3	Carter	75	1.0
Wayne	779	Maury	269	34.5	Wayne	267	34.3	Davidson	133	17.1	Lawrence	48	6.2
Weakley	2,239	Madison	826	36.9	Weakley	781	34.9	Carroll	195	8.7	Obion	131	5.9
White	1,722	Putnam	723	42.0	White	682	39.6	Davidson	111	6.4	Hamilton	47	2.7
Williamson	5,969	Davidson	2,922	49.0	Williamson	2,816	47.2	Rutherford	70	1.2	Maury	56	0.9
Wilson	6,223	Davidson	3,545	57.0	Wilson	2,414	38.8	Rutherford	105	1.7	Sumner	62	1.0
Unknown/OOS	41,579	Shelby	12,647	30.4	Hamilton	10,347	24.9	Sullivan	7,925	19.1	Davidson	4,131	9.9

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Tennessee Hospital Discharge Data

Number of *Outpatient Hospital Visits* with Emergency Room Services by *Resident County of Patient* and Number and Percent of the *Four Leading Hospital Counties* Where Visits Occurred, Tennessee Short-Term Hospitals, 2012

Resident County of Patient	Total Resident Outpatient Visits for County	Most Used Hospital County		Second Most Used Hospital County		Third Most Used Hospital County		Fourth Most Used Hospital County	
	Total Number	County	Number	County	Number	County	Number	County	Number
State	3,135,053	Shelby	442,884	Davidson	354,226	Knox	306,654	Hamilton	218,921
Anderson	39,447	Anderson	22,254	Knox	15,662	Campbell	639	Roane	179
Bedford	23,040	Bedford	16,489	Coffee	2,520	Rutherford	2,089	Davidson	863
Benton	9,428	Benton	6,254	Henry	1,812	Carroll	473	Madison	311
Bledsoe	7,642	Bledsoe	4,621	Rhea	1,028	Hamilton	859	Cumberland	845
Blount	59,573	Blount	38,866	Knox	19,054	Loudon	431	Sevier	384
Bradley	48,006	Bradley	40,333	Hamilton	6,278	McMinn	735	Knox	121
Campbell	27,333	Campbell	20,391	Knox	4,930	Anderson	1,720	Claiborne	48
Cannon	7,787	Cannon	4,516	Rutherford	2,057	Davidson	311	Dekalb	309
Carroll	13,740	Carroll	9,428	Madison	1,546	Gibson	1,009	Henry	755
Carter	25,105	Carter	16,695	Washington	7,241	Sullivan	597	Johnson	186
Cheatham	18,906	Cheatham	9,085	Davidson	6,938	Robertson	1,576	Montgomery	451
Chester	5,807	Madison	4,605	McNairy	473	Henderson	331	Hardin	123
Claiborne	13,960	Claiborne	10,712	Knox	1,751	Campbell	973	Hamblen	248
Clay	2,946	Clay	1,668	Overton	616	Putnam	317	Macon	122
Cocke	33,834	Cocke	27,506	Hamblen	2,607	Knox	1,389	Sevier	989
Coffee	32,102	Coffee	27,532	Rutherford	1,673	Franklin	947	Davidson	846
Crockett	6,586	Madison	4,192	Gibson	1,500	Dyer	384	Haywood	248
Cumberland	28,892	Cumberland	25,473	Putnam	1,441	Knox	526	Roane	391
Davidson	272,755	Davidson	253,485	Rutherford	8,384	Sumner	3,916	Williamson	1,964
Decatur	5,828	Decatur	4,186	Madison	747	Henderson	349	Davidson	119
Dekalb	9,893	Dekalb	7,051	Putnam	591	Wilson	503	Warren	488
Dickson	27,965	Dickson	22,182	Davidson	3,885	Dyer	894	Cheatham	222
Dyer	21,058	Dyer	18,205	Madison	1,433	Obion	614	Shelby	330
Fayette	14,418	Shelby	7,561	Fayette	6,288	Hardeman	143	Madison	126
Fentress	9,387	Fentress	7,506	Cumberland	822	Putnam	632	Knox	112
Franklin	19,587	Franklin	14,310	Coffee	4,188	Davidson	351	Lincoln	165
Gibson	29,303	Gibson	20,533	Madison	6,908	Obion	612	Dyer	289
Giles	12,213	Giles	9,136	Maury	1,705	Davidson	418	Lawrence	392
Grainger	11,120	Hamblen	4,509	Knox	3,112	Jefferson	2,668	Claiborne	364
Greene	43,238	Greene	39,228	Washington	1,355	Sullivan	1,044	Hamblen	621
Grundy	6,881	Franklin	4,487	Coffee	582	Warren	538	Hamilton	511
Hamblen	35,336	Hamblen	29,908	Jefferson	2,274	Knox	1,752	Greene	302
Hamilton	148,088	Hamilton	143,961	Rhea	1,295	Bradley	1,001	Knox	333
Hancock	4,682	Hancock	3,533	Hamblen	455	Claiborne	245	Hawkins	209
Hardeman	14,450	Hardeman	9,360	Madison	2,694	Shelby	920	Fayette	804
Hardin	13,360	Hardin	11,459	McNairy	706	Madison	631	Shelby	158
Hawkins	35,180	Hawkins	15,700	Sullivan	15,004	Hamblen	2,623	Greene	685
Haywood	7,984	Haywood	4,898	Madison	2,120	Shelby	339	Tipton	213
Henderson	14,120	Henderson	8,517	Madison	4,010	Decatur	838	Carroll	188
Henry	13,282	Henry	11,503	Carroll	986	Madison	226	Davidson	198
Hickman	13,022	Dickson	5,494	Hickman	4,447	Davidson	1,498	Maury	962
Houston	4,239	Houston	3,114	Dickson	442	Montgomery	345	Davidson	231
Humphreys	8,823	Humphreys	4,229	Dickson	3,014	Davidson	717	Benton	471
Jackson	4,820	Putnam	3,418	Overton	426	Smith	338	Clay	260
Jefferson	28,053	Jefferson	14,838	Hamblen	4,757	Knox	4,593	Cocke	1,809
Johnson	11,368	Johnson	9,844	Carter	779	Washington	496	Sullivan	200

Resident County of Patient	Most Used Hospital County Percent	Second Most Used Hospital County Percent	Third Most Used Hospital County Percent	Fourth Most Used Hospital County Percent
State	14.1	11.3	9.8	7.0
Anderson	56.4	39.7	1.6	0.5
Bedford	71.6	10.9	9.1	3.7
Benton	66.3	19.2	5.0	3.3
Bledsoe	60.5	13.5	11.2	11.1
Blount	65.2	32.0	0.7	0.6
Bradley	84.0	13.1	1.5	0.3
Campbell	74.6	18.0	6.3	0.2
Cannon	58.0	26.4	4.0	4.0
Carroll	68.6	11.3	7.3	5.5
Carter	66.5	28.8	2.4	0.7
Cheatham	48.1	36.7	8.3	2.4
Chester	79.3	8.1	5.7	2.1
Claiborne	76.7	12.5	7.0	1.8
Clay	56.6	20.9	10.8	4.1
Cocke	81.3	7.7	4.1	2.9
Coffee	85.8	5.2	2.9	2.6
Crockett	63.7	22.8	5.8	3.8
Cumberland	88.2	5.0	1.8	1.4
Davidson	92.9	3.1	1.4	0.7
Decatur	71.8	12.8	6.0	2.0
Dekalb	71.3	6.0	5.1	4.9
Dickson	79.3	13.9	3.2	1.4
Dyer	86.5	6.8	2.9	1.6
Fayette	52.4	43.6	1.0	0.9
Fentress	80.0	8.8	6.7	1.2
Franklin	73.1	21.4	1.8	0.8
Gibson	70.1	23.6	2.1	1.0
Giles	74.8	14.0	3.4	3.2
Grainger	40.5	28.0	24.0	3.3
Greene	90.7	3.1	2.4	1.4
Grundy	65.2	8.5	7.8	7.4
Hamblen	84.6	6.4	5.0	0.9
Hamilton	97.2	0.9	0.7	0.2
Hancock	75.5	9.7	5.2	4.5
Hardeman	64.8	18.6	6.4	5.6
Hardin	85.8	5.3	4.7	1.2
Hawkins	44.6	42.6	7.5	1.9
Haywood	61.3	26.6	4.2	2.7
Henderson	60.3	28.4	5.9	1.3
Henry	86.6	7.4	1.7	1.5
Hickman	42.2	34.1	11.5	7.4
Houston	73.5	10.4	8.1	5.4
Humphreys	47.9	34.2	8.1	5.3
Jackson	70.9	8.8	7.0	5.4
Jefferson	52.9	17.0	16.4	6.4
Johnson	86.6	6.9	4.4	1.8

Resident County of Patient	Total Resident Outpatient Visits for County	Most Used Hospital County			Second Most Used Hospital County			Third Most Used Hospital County			Fourth Most Used Hospital County		
	Total Number	County	Number	Percent	County	Number	Percent	County	Number	Percent	County	Number	Percent
Knox	204,724	Knox	197,410	96.4	Anderson	1,547	0.8	Blount	1,079	0.5	Jefferson	906	0.4
Lake	2,757	Dyer	1,717	62.3	Obion	796	28.9	Madison	104	3.8	Shelby	45	1.6
Lauderdale	16,791	Lauderdale	11,025	65.7	Tipton	2,170	12.9	Dyer	2,117	12.6	Madison	675	4.0
Lawrence	16,305	Lawrence	11,501	70.5	Maury	3,475	21.3	Davidson	499	3.1	Giles	332	2.0
Lewis	3,191	Maury	2,147	67.3	Perry	437	13.7	Davidson	152	4.8	Lawrence	115	3.6
Lincoln	15,848	Lincoln	14,022	88.5	Franklin	368	2.3	Coffee	344	2.2	Davidson	319	2.0
Loudon	25,122	Loudon	13,663	54.4	Knox	8,334	33.2	Monroe	1,400	5.6	Blount	1,101	4.4
McMinn	36,928	McMinn	30,352	82.2	Monroe	2,841	7.7	Bradley	1,438	3.9	Knox	1,147	3.1
McNairy	11,968	McNairy	8,092	67.6	Hardin	1,958	16.4	Madison	1,452	12.1	Shelby	153	1.3
Macon	11,431	Macon	6,804	59.5	Sumner	2,131	18.6	Trousdale	838	7.3	Wilson	550	4.8
Madison	53,612	Madison	51,312	95.7	Gibson	634	1.2	Shelby	371	0.7	Davidson	272	0.5
Marion	17,003	Marion	11,244	66.1	Hamilton	5,138	30.2	Franklin	388	2.3	Davidson	55	0.3
Marshall	16,244	Marshall	10,923	67.2	Maury	2,547	15.7	Williamson	1,087	6.7	Davidson	757	4.7
Maury	34,333	Maury	27,629	80.5	Williamson	3,511	10.2	Davidson	1,805	5.3	Marshall	538	1.6
Meigs	7,465	McMinn	3,643	48.8	Bradley	1,094	14.7	Rhea	922	12.4	Monroe	881	11.8
Monroe	27,987	Monroe	15,441	55.2	McMinn	4,545	16.2	Knox	3,219	11.5	Blount	2,688	9.6
Montgomery	53,842	Montgomery	47,016	87.3	Davidson	4,116	7.6	Robertson	571	1.1	Dickson	494	0.9
Moore	2,350	Coffee	1,587	67.5	Lincoln	221	9.4	Bedford	199	8.5	Franklin	184	7.8
Morgan	9,680	Anderson	3,776	39.0	Roane	2,797	28.9	Knox	1,642	17.0	Fentress	714	7.4
Obion	15,042	Obion	12,524	83.3	Weakley	1,268	8.4	Dyer	475	3.2	Madison	360	2.4
Overton	10,847	Overton	7,355	67.8	Putnam	2,890	26.6	Davidson	143	1.3	Cumberland	113	1.0
Perry	4,966	Perry	3,841	77.3	Decatur	254	5.1	Davidson	236	4.8	Maury	206	4.1
Pickett	1,418	Overton	974	68.7	Putnam	228	16.1	Fentress	154	10.9	Davidson	32	2.3
Polk	9,570	Bradley	3,526	36.8	Polk	3,207	33.5	McMinn	2,059	21.5	Hamilton	652	6.8
Putnam	29,397	Putnam	25,855	88.0	Overton	962	3.3	Davidson	610	2.1	White	535	1.8
Rhea	22,961	Rhea	18,195	79.2	Hamilton	2,755	12.0	Roane	575	2.5	Cumberland	494	2.2
Roane	31,600	Roane	16,175	51.2	Knox	6,930	21.9	Anderson	5,273	16.7	Loudon	2,058	6.5
Robertson	30,895	Robertson	21,911	70.9	Davidson	6,069	19.6	Sumner	1,981	6.4	Montgomery	350	1.1
Rutherford	99,787	Rutherford	86,309	86.5	Davidson	9,494	9.5	Bedford	861	0.9	Williamson	774	0.8
Scott	8,902	Scott	2,702	30.4	Knox	2,433	27.3	Campbell	1,436	16.1	Anderson	1,121	12.6
Sequatchie	6,770	Hamilton	3,491	51.6	Bledsoe	1,575	23.3	Marion	1,424	21.0	Rhea	52	0.8
Sevier	53,734	Sevier	37,233	69.3	Knox	13,143	24.5	Cocke	1,112	2.1	Blount	792	1.5
Shelby	383,799	Shelby	379,951	99.0	Tipton	708	0.2	Davidson	693	0.2	Knox	387	0.1
Smith	9,213	Smith	6,176	67.0	Wilson	1,533	16.6	Davidson	664	7.2	Putnam	251	2.7
Stewart	4,338	Montgomery	1,877	43.3	Houston	1,168	26.9	Henry	845	19.5	Davidson	312	7.2
Sullivan	92,002	Sullivan	84,759	92.1	Washington	5,389	5.9	Carter	770	0.8	Knox	280	0.3
Sumner	63,915	Sumner	49,583	77.6	Davidson	11,442	17.9	Robertson	688	1.1	Macon	413	0.6
Tipton	27,056	Tipton	17,197	63.6	Shelby	9,167	33.9	Lauderdale	231	0.9	Madison	77	0.3
Trousdale	5,216	Trousdale	3,394	65.1	Sumner	833	16.0	Wilson	534	10.2	Davidson	222	4.3
Unicoi	9,010	Unicoi	6,239	69.2	Washington	2,346	26.0	Carter	212	2.4	Sullivan	100	1.1
Union	9,339	Knox	8,248	88.3	Claiborne	836	9.0	Anderson	69	0.7	Campbell	51	0.5
Van Buren	2,851	White	1,237	43.4	Warren	612	21.5	Putnam	531	18.6	Bledsoe	236	8.3
Warren	23,716	Warren	18,804	79.3	Coffee	1,071	4.5	Rutherford	945	4.0	Dekalb	680	2.9
Washington	47,472	Washington	38,334	80.8	Sullivan	4,121	8.7	Greene	2,272	4.8	Carter	1,428	3.0
Wayne	6,773	Wayne	4,937	72.9	Lawrence	519	7.7	Maury	458	6.8	Hardin	401	5.9
Weakley	12,632	Weakley	8,044	63.7	Carroll	1,687	13.4	Obion	989	7.8	Madison	734	5.8
White	13,924	White	8,841	63.5	Putnam	3,537	25.4	Warren	461	3.3	Cumberland	368	2.6
Williamson	34,741	Williamson	21,184	61.0	Davidson	10,365	29.8	Rutherford	833	2.4	Dickson	826	2.4
Wilson	39,371	Wilson	20,392	51.8	Davidson	16,236	41.2	Rutherford	986	2.5	Sumner	618	1.6
Unknown/OOS	211,628	Hamilton	51,817	24.5	Shelby	41,530	19.6	Sullivan	38,321	18.1	Davidson	14,684	6.9

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Hospital Discharge Data

shares borders with eight other states, so to understand the full burden Tennessee hospitals carry, this report evaluated how residents as well as nonresidents utilize Tennessee hospitals.

SUPPLEMENTAL #1
April 20, 2015
10:22 am

Supplemental Attachment: Affidavit

SUPPLEMENTAL #1
April 20, 2015
10:22 am

RECEIVED
APR 20 2015

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF KNOX

NAME OF FACILITY: CUMBERLAND MEDICAL CENTER

I, MIKE RICHARDSON, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title V.P.

Sworn to and subscribed before me, a Notary Public, this the 16TH day of APRIL, 2015, witness my hand at office in the County of KNOX, State of Tennessee.

NOTARY PUBLIC

My commission expires 11 SEPTEMBER, 2017.

BRANDON R. DIXON
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0043

Revised 7/02

COPY

ADDITIONAL INFORMATION

Cumberland Medical Ctr./ERD

CN1504-011

Covenant HEALTH

SUPPLEMENTAL

April 21, 2015

Phillip Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: **Certificate of Need Application CN1504-011**
Cumberland Medical Center – Emergency Department

Dear Mr. Earhart:

Please find enclosed a replacement for page number 3 of our responses to your supplemental questions regarding the above-referenced CON application seeking approval for the construction, renovation, and expansion of an existing building to create a new Emergency Department on the current Cumberland Medical Center campus located at 421 South Main Street, Crossville (Cumberland County), Tennessee 38555. A notarized affidavit is enclosed as well.

Should you have any questions or require additional information, please let me know at your earliest convenience.

Sincerely,

Mike Richardson
Vice President, Strategic Planning and Development
Covenant Health

Enclosures

Please complete the following table:

Proposed Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	281	140.5	120 (typ. exam)
Secure/Psych Rooms	2	193	96.5	60
Trauma Rooms	2	515	257.5	250
Cardiac Care Rooms	2	312	156	120
ISO/ENT Room	1	171.5	171.5	120
Bariatric Room	1	200	200	200
Exam Rooms	15	1,907	127.1	120
Other				
Total	25	3,579.5	143.2	N/A
Current Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	199	99.5	120
Secure/Psych Rooms	2	254	127	60
Trauma Rooms	2	414	207	250
Cardiac Care Rooms	2	348	174	120
Orthopedic room	1	178	178	Not Specified (120)
ENT Room	1	138	138	120
Exam Rooms	7	841.4	120.2	120
Other				
Total	17	2,372.4	139.6	N/A

Chart Notes: all square footages based on 'clear floor area' as designated by the *Guidelines for Design and Construction of Healthcare Facilities*

How does the square feet per exam room compare to previously approved emergency department projects?

The square feet per exam room for this project are similar to previously approved CON projects that included a new hospital emergency department designed and build to meet all current AIA Minimum Square Footage Guidelines - for example, LeConte Medical Center (CN0608-058) and Roane Medical Center (CN1101-001) hospital replacement projects that each included state-of-the-art emergency departments appropriate for a community hospital.

Please clarify if the new proposed emergency department will have an orthopedic room.

It has been requested by Emergency Department physicians and staff that most orthopedic and cast work may be provided in all exam rooms - as section A2.203.1.3.6 (7) of the *Guidelines*

SUPPLEMENTAL

RECEIVED 2015 APR 22 PM 3:38

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF KNOX

NAME OF FACILITY: CUMBERLAND MEDICAL CENTER

I, MIKE RICHARDSON, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

V.P.
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 21ST day of APRIL, 2015 witness my hand at office in the County of KNOX, State of Tennessee.

NOTARY PUBLIC

My commission expires 11 SEPTEMBER, 2017.

BRANDON R. DIXON
STATE OF TENNESSEE NOTARY PUBLIC
KNOX COUNTY

HF-0043

Revised 7/02

Cumberland
MEDICAL CENTER
Covenant HEALTH

April 10, 2015

State of Tennessee
Health Services and Development Agency
Nashville, Tennessee

RE: Certificate of Need Cumberland Medical Center Emergency Department Renovation/Expansion

Dear Health Services and Development Agency Members,

Cumberland Medical Center in Crossville, Tennessee is applying for a Certificate of Need to expand and renovate the Emergency Department. I am an Orthopedic Surgeon practicing in Crossville since 1990. Cumberland Medical Center is the only hospital located within Cumberland County. In addition to taking care of the residents of Cumberland County, specialists such as myself receive referrals from all of the surrounding counties which do not have the services that myself and other specialists provide. Our emergency department underwent expansion in the early 1990s into the facilities which we are currently using. Over time, these facilities are no longer sufficient to handle the volume of patients which are cared for through the emergency department. Advances in design, medical equipment, and workflow have changed such that the emergency department facilities are in need of renovation and expansion.

I am writing this letter as a private solo practitioner who has a practice in Cumberland County in support of the Certificate of Need for expansion and renovations of the emergency department at Cumberland Medical Center. I believe that with expansion and renovation of these services, we will continue to be able to provide high level of care which has been delivered at Cumberland Medical Center. If I can provide any further information, I would be happy to discuss this in person or by written correspondence.

Sincerely yours,

Jon A. Simpson, M.D.
Chief Orthopedic Surgery
Cumberland Medical Center.

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

Date: **June 1, 2015**

To: **HSDA Members**

From: **Melanie M. Hill, Executive Director**

Re: **CONSENT CALENDAR JUSTIFICATION**
CN1504-011 – Cumberland Medical Center

As permitted by Statute and further explained by Agency Rule on the last page of this memo, I have placed this application on the consent calendar based upon my determination that the application appears to meet the established criteria for granting a certificate of need. If Agency Members determine that the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a certificate of need. If you find one or more of the criteria have not been met, then a motion to deny is in order.

At the time the application entered the May 2015 review cycle, it was not opposed. If the application is opposed prior to being heard, it will move to the bottom of the regular June agenda and the applicant will make a full presentation.

Summary—

Cumberland Medical Center is seeking approval for the renovation, expansion, and construction of the Emergency Department, which requires a capital expenditure greater than 5 million dollars. The project will relocate the 23-year old ED from its existing space a short distance away to space that currently houses the Physical Medicine and Rehabilitation Department. It involves renovation of existing space, construction of new space, a new main entrance canopy, and a new ambulance canopy. The Physical Medicine and Rehabilitation Department will be relocated to another part of the hospital's campus.

Since the existing ED will be able to remain operational while the new ED is being constructed, there should only be minimal operational challenges during the construction phases. Please refer to the Master Facility Planning Consultant Letter from Mr. Donald S. Basler of Dixon Hughes Goodman LLP in

Attachment C.1.b.3.a-b for details regarding the master plan study conducted at Cumberland Medical Center. The letter details the space and configuration issues and indicates the ED is of the highest priority.

Please refer to the application for the specifics of the project.

Executive Director Justification -

The proposed project will create a modern Emergency Department that will enhance patient care. I recommend the Agency approve certificate of need application CN1504-011 for the renovation, expansion, and construction of the Emergency Department requiring a capital expenditure greater than 5 million dollars based upon the following:

Need-. The need to upgrade and modernize the Emergency Department is demonstrated based upon the 4.1% increase in patient visits from 2010 to 2013 and the projections of 87% capacity on 25 treatment rooms by Year 2. As part of Cumberland's master plan study, major deficiencies were identified with space and function in the current Emergency Department. The specifics are detailed in Mr. Basler's letter.

Economic Feasibility- Covenant Health, the parent company of Cumberland Medical Center, has sufficient cash reserves to complete the project. The hospital is a major participant in both Medicare and TennCare and although the Emergency Department typically does not generate a substantial amount of revenue by itself, it does serve as an important point of admission to the more profitable ancillary and inpatient services.

Contribution to the Orderly Development of Health Care-The project does contribute to the orderly development of health care because a modern Emergency Department should dramatically improve operational inefficiencies by increasing clinical efficiency and productivity. The improved layout will meet modern building and life safety codes and will provide sufficient space to accommodate all the equipment needed to provide care. Since the existing ED will be able to continue to operate while the new one is being constructed, minimal disruptions are expected. Cumberland Medical Center has the appropriate contracts and transfer agreements in place and provides a substantial amount of charity care.

Statutory Citation -TCA 68-11-1608. Review of applications -- Report

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

Rules of the Health Services and Development Agency - 0720-10-.05 CONSENT CALENDAR

(1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.

(2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.

(3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.

(4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.

(5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

HEALTH SERVICES AND DEVELOPMENT AGENCY
JUNE 24, 2015
APPLICATION SUMMARY

NAME OF PROJECT:	Cumberland Medical Center
PROJECT NUMBER:	CN1504-011
ADDRESS:	421 South Main Street Crossville (Cumberland County), Tennessee 38555
LEGAL OWNER:	Cumberland Medical Center, Inc. 421 South Main Street Crossville (Cumberland County), TN 38555
OPERATING ENTITY:	N/A
CONTACT PERSON:	Mike Richardson (865) 531-5123
DATE FILED:	April 10, 2015
PROJECT COST:	$ 6,369,682
FINANCING:	Cash transfer to applicant from the parent corporation Covenant Health.
PURPOSE OF REVIEW:	Renovation, expansion, and construction of the Emergency Department, requiring a capital expenditure greater than $5 million

DESCRIPTION:

Cumberland Medical Center (CMC) is seeking approval for the renovation, expansion, and construction of its Emergency Department (ED) that will include a total of 17,621 square feet. The project will involve the following: 1) renovation of 12,954 square feet of the existing outpatient rehabilitation area; 2) the addition of 4,667 square feet of newly constructed space to address short-term and long-term needs; 3) a new main entrance canopy; and 4) a new ambulance canopy. The proposed project will expand the existing 17 ED patient stations averaging 139.6 square feet to 25 patient stations averaging 143.2 square feet.

The applicant has been placed under **CONSENT CALENDAR REVIEW** in accordance with TCA 68-11-1608(d) and Agency Rule 0720-10-.05.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Note to Agency members: There are currently no standards and criteria in the State Health Plan specific to emergency departments.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

3. For renovation or expansion of an existing licensed healthcare institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

There was a 4.1% increase in ED patient visits at CMC from 31,092 in 2010 to 32,829 in 2013. The applicant projects an increase of 0.5% in ED patient visits from 32,571 in Year 1 (2017) to 32,733 in Year Two (2018). In Year One of the proposed project, CMC projects 32,571 ED visits on 25 rooms, averaging 1,302 per room. Based on the American College of Emergency Physician standard of 1,500 visits per treatment room, the applicant will be at 87% capacity by the end of Year Two (2018).

It appears that this criterion has been met.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

A master facility planning document prepared by a national healthcare consulting firm dated April 2, 2015 located in Attachment C.1.b.3.a-b states the following regarding Cumberland Medical Center's Emergency Department:

- *There is a severe shortage of clinical support space such as storage, staff support, work areas, etc.*
- *Public intake is cramped including the waiting area and amenities.*
- *There is inadequate security space.*
- *Central administrative efficiency relative to control and access to exam room is poor.*
- *The general layout and functionality of the floor plan is very poor.*

It appears that this criterion has been met.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

The primary goal of the proposed project is to simultaneously improve both the overall clinical care of Cumberland Medical Center (CMC) and to improve patient and physician access by modernizing and expanding the CMC Emergency Department.

The existing building space to be renovated and expanded for the proposed ED will be available due to the planned relocation of an older outpatient rehabilitation area. If this application is approved, the current outpatient rehabilitation unit will likely relocate to a nearby open suite within a medical office building controlled by Cumberland Medical Center. A decision will be made at a later date if the move will be temporary or permanent. The space vacated by the existing ED is planned for a possible return of the CMC outpatient rehabilitation unit (new) or for CMC's cardiac rehabilitation services.

The existing CMC Emergency Department will remain fully operational for patient care until the proposed project has been completed. The construction of a new replacement Emergency Department will minimize operational disruption during construction.

If approved, the proposed emergency department is projected to open in July 2016.

An overview of the project is provided on pages 8-10 of the original application.

Ownership

- Cumberland Medical Center is a not-for-profit community hospital which became part of Covenant Health effective February 1, 2014.
- Covenant Health is a Tennessee not-for-profit corporation with its principal offices located in Knoxville, TN.
- Covenant Health owns 10 hospitals in Tennessee. A complete list which includes the locations and number of licensed beds is included on page 3 of the application.
- Cumberland Medical Center is a 189 licensed bed acute care hospital. The Joint Annual Report for 2013 indicates CMH staffs 123 beds. Licensed bed occupancy was 33.3% and staffed bed occupancy was 50.2%.

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

Licensed Beds - The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).
Staffed Beds - The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

Facility Information

- The total square footage of the proposed ground floor project is approximately 17,621 square feet (12,954 sq. /ft. for renovation and 4,667 sq. /ft. for construction).
- Imaging services including x-ray, CT, and ultrasound will adjoin to the proposed new emergency department.
- The proposed project will utilize the same existing helipad located less than .25 miles away from the main hospital campus.
- Besides the clinical treatment areas, the facility will include support spaces, a physician lounge and staff-break room, offices, and a locker room.
- A plot plan is included in Attachment B. III. (A). and a floor plan is included in Attachment B.IV.

Comparison of Current and Proposed ED Patient Rooms

Current Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	199	99.5	120
Secure/Psych Rooms	2	254	127	60
Trauma Rooms	2	414	207	250
Cardiac Care Rooms	2	348	174	120
Orthopedic Room	1	178	178	Not specified
ENT Room	1	138	138	120
Exam Rooms	7	841.2	120.2	120
Total	**17**	**2,372.4**	**139.6**	**n/a**
Proposed Emergency Dept.	Number of Rooms	Total Square Feet	Average Square Feet per room	AIA Minimum Square Ft. Guideline
Triage Rooms	2	281	140.5	120
Secure/Psych Rooms	2	193	96.5	60
Trauma Rooms	2	515	257.5	250
Cardiac Care Rooms	2	312	156	120
ISO/ENT Room	1	171.5	171.5	120
Bariatric Room	1	200	200	200
Exam Rooms	15	1,907	127.1	120
Total	**25**	**3,579.5**	**143.2**	**n/a**

Source: Supplemental #1, CN1504-011

- If approved, ED patient stations will increase from 17 to 25.

- The proposed ED will contain 2 triage rooms, 2 secure/psych rooms, 2 trauma rooms, 2 cardiac care rooms, 1 ISO/ENT room, 1 bariatric room, and 15 exam rooms.
- The proposed ED will allow most orthopedic work to be conducted within all the exam/treatment rooms.
- The total square feet of treatment rooms will increase from 2,372.4 sq. /ft. to 3,579.5 sq. /ft.

Project Need

The rationale for this project provided by the applicant includes the following:

- The current emergency department is outdated and no longer meets modern hospital standards and staff requirements.
- The project will provide significant ED facility, technology, and clinical upgrades.
- The applicant projects 32,571 emergency room visits in Year One and 32,733 visits in Year Two.

Service Area Demographics

Cumberland Medical Center's declared service area is Cumberland County.

- The total population of Cumberland County is estimated at 58,340 residents in calendar year (CY) 2015 increasing by approximately 4.7% to 61,077 residents in CY 2019.
- The overall statewide population is projected to grow by 3.7% from 2015 to 2019.
- Population growth over the next four years for the 65 and older cohort in the service area is expected by TDOH projections to be -2.8%: from 15,895 in 2015 to 15,456 in 2019.
- The 65+ cohort is projected to be 25.3% of the population by 2019 which will rank Cumberland County #3 out of 95 Counties. The Tennessee 65+ population is projected to be 16.5% in 2019.
- The latest 2014 percentage of the Cumberland County population enrolled in the TennCare program is 19.7%. The statewide TennCare enrollment percentage is 19.9% of the total population.

Historical and Projected Utilization

CMH Historical and Projected ED Utilization

	2010	2011	2012	2013	2014	2015	2016	Yr. 1 2017	Yr. 2 2018
ED Visits	31,092	33,930	35,202	32,829	32,358	32,247	32,409	32,571	32,733
Total Rooms	**17**	**17**	**17**	**17**	**17**	**17**	**17**	**25**	**25**
***Total Visits Per Room**	**1,829**	**1,996**	**2,071**	**1,931**	**1,903**	**1,897**	**1,906**	**1,302**	**1,309**

Source: CN1504-011

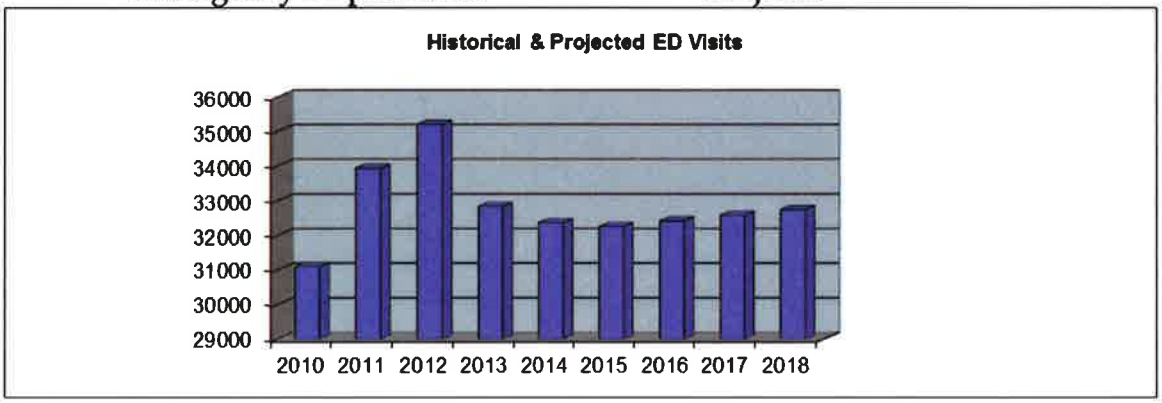
**The American College of Emergency Physician utilization standard is 1,500 visits per treatment room*

The utilization table above reflects the following:

- There was a 4.1% increase in ED patient visits at CMC from 31,092 in 2010 to 32,829 in 2013.
- The applicant projects an increase of 0.5% in ED patient visits from 32,571 in Year 1 (2017) to 32,733 in Year Two (2018).
- In Year One of the proposed project, CMC's main ED will experience 32,571 ED visits on 25 rooms, averaging 1,302 per room.
- The total CMC ED visits per room will decrease 31.7% from projected 1,906 visits per room on 17 ED rooms in 2016, to 1,302 ED visits per room on 25 rooms in Year One (2017).

The following graph shows the historical and projected utilization through the second year of the project (2018) for Cumberland Medical Center's Emergency Department.

CMC's Emergency Department Historical and Projected ED Visits



Source: CN1504-011

- In the supplemental response, the applicant noted the spike in CMC ED visits in 2012 were the result of a significantly higher volume of influenza and upper respiratory conditions.

Project Cost

Major costs are:

- Construction Cost (including contingency), $4,919,638, or 77.2% of the total cost.
- Moveable Equipment $525,000.00 or 8.2% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 38 of the application.

The total construction cost for the proposed hospital ED is $262 per square foot. As reflected in the table below, the construction cost is between the 1st quartile cost of $235.00 per square foot, and the median cost of $274.63 per square foot of statewide hospital construction projects from 2011 to 2013.

Statewide
Hospital Construction Cost Per Square Foot
Years 2011-2013

	Renovated Construction	New Construction	Total construction
1st Quartile	$107.15/sq. ft.	$235.00/sq. ft.	$151.56/sq. ft.
Median	$179.00/sq. ft.	$274.63/sq. ft.	$227.88/sq. ft.
3rd Quartile	$249.00/sq. ft.	$324.00/sq. ft.	$274.63/sq. ft.

Source: HSDA Applicant's Toolbox

Please refer to the square footage and cost per square footage chart on page 13 of the application for more details.

Financing

- An April 3, 2015 letter from John Geppi, Chief Financial Officer of Covenant Health, confirms that the parent company has sufficient cash reserves to fund the proposed project.
- Review of Covenant Health's Balance Sheet for the period ending December 31, 2013 revealed $219,763,000 in total current assets, total current liabilities of $197,552,000 and a current ratio of 1.11 to 1.0.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- According to the Historical Data Chart, Cumberland Medical Center experienced profitable net operating income results for one of the three most recent years reported: ($668,715) for 2012; $258,254 for 2013; and ($1,034,043) for 2014.
- Average Annual Net Operating Income less capital expenditures (NOI) was unfavorable at approximately -1.2% of annual net operating revenue for the year 2014.

Projected Data Chart

Proposed ED Project

The applicant projects $23,342,927.00 in total gross revenue on 32,571 ED visits during the first year of operation and $23,388,226 on 32,733 ED visits in Year Two (approximately $714 per visit). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $4,751,723 in Year One increasing to $4,741,270 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $15,664,375 or approximately 67% of total gross revenue in Year Two.
- Charity Care calculates to 257 ED visits in Year One and 259 ED visits in Year Two.
- As with the majority of hospitals, the Emergency Department is not a highly profitable operation by itself, but serves as an important point of admission to the more profitable ancillary and inpatient services.

Cumberland Medical Center

- The applicant projects $268,002,218.00 in total gross revenue during the first year of operation (2017) and $269,758,179 in Year Two (2018).
- Net operating income less capital expenditures for CMC will equal ($106,675) in Year 2017 increasing to $142,515 in Year 2018.

Charges

In Year One of the proposed project, the average emergency room charges are as follows:

- The proposed average gross charge is $716/ ED visit in 2017.
- The average deduction is $480/ED visit, producing an average net charge of $236/ED visit.

Medicare/TennCare Payor Mix

- TennCare- Charges will equal $5,762,244 in Year One representing 25% of total gross revenue.
- Medicare- Charges will equal $9,434,029 in Year One representing 40% of total gross revenue.

Staffing

The applicant's proposed direct patient care staffing in Year One includes the following:

Position Type	Current FTEs
Registered Nurses	20.0
LPN	3.0
Paramedic	1.0
ED Tech	2.0
HUC	4.0
Social Worker/Discharge Planner	2.5
Total	**32.5**

Source: CN1504-011

Licensure/Accreditation

CMC is licensed by the Tennessee Department of Health.

CMC is accredited by The Joint Commission. A copy of the March 22, 2013 Joint Commission Survey is located in Attachment C, Contribution to the Orderly Development of Health Care-7.d.

Corporate documentation, real estate deed information, performance improvement plan, utilization review plan, and patient bill of rights are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **three** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications for this applicant.

The applicant's parent company, Covenant Health has financial interest in this project and the following:

Outstanding Certificates of Need

Morristown Hamblen Hospital, CN1410-043, has an outstanding Certificate of the Need that will expire on February 1, 2018. The project was approved at the December 17, 2014 Agency meeting for the initiation of a mobile lithotripsy service 2 days per week on the hospital campus. The estimated project cost is **$328,900.00.** *Project Status Update: The applicant reported on 5/22/2015 the lithotripsy service began in the 1st quarter of 2015 with the final project report pending to the Agency.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(5/22/2015)

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the **Crossville Chronicle** (Name of Newspaper) which is a newspaper of general circulation in **Cumberland County** (County), Tennessee, on or before **April 10, 2015** (Month / day) (Year), for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Cumberland Medical Center (Name of Applicant), **an Acute Care Hospital** (Facility Type-Existing)

owned by: **Cumberland Medical Center, Inc.** with an ownership type of **Not-for-Profit Corporation** and to be managed by: **(Not Applicable)** intends to file an application for a Certificate of Need for:

Construction, renovation, and expansion of an existing building to create a new Emergency Department on the current hospital campus located at 421 South Main Street, Crossville, Tennessee 38555. The project does not involve acquisition of major medical equipment, initiation of any new service for which a CON is required, or the addition of hospital beds. The total estimated project cost is $ 6,369,682.

The anticipated date of filing the application is: **April 10, 2015.**

The contact person for this project is **Mike Richardson, Vice President, Strategic Planning & Development** (Contact Name) (Title)

who may be reached at: **Covenant Health, 280 Fort Sanders West Boulevard, Building 4, Suite 218** (Company Name) (Address)

Knoxville, (City) **Tennessee** (State) **37922** (Zip Code) **865 / 531-5123** (Area Code / Phone Number)

(Signature) **April 7, 2015** (Date) **mdr@covhlth.com** (E-mail Address)

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The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954

DATE: June 30, 2915

APPLICANT: Cumberland Medical Center
421 South Main Street
Crossville, Tennessee 38555

CN1504-011

CONTACT PERSON: Mike Richardson, Covenant

Vice President, Strategic Planning and Development
280 Fort Sanders West Boulevard, Building 4 Suite 218
Knoxville, Tennessee 37922

COST: $6,369,682

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Cumberland Medical Center, located at 421 South Main Street, (Hamilton County), Tennessee 38555, seeks Certificate of Need (CON) approval to construct, renovate, and expand an existing building to create a new Emergency Department (ED) on the current hospital campus. The proposed project does not involve acquisition of major medical equipment, the initiation of any new service, or the addition of hospital beds.

The new ED will be approximately 17,621 square feet after completion. The total construction cost per square foot is $262.17 square foot, which includes $233.91 square foot for renovating the existing space and $368.36 per square foot for the new construction. This compares favorably with other HSDA projects from 2011 through 2013 per the HSDA staff. The most recent new construction for Southern Hills Medical Center ED was $350 per square foot.

The total project cost $6,369,682 and will be funded through cash reserves through its parent company, Covenant Health, as documented in Attachment C, Economic Feasibility.

This application has been placed on the Consent Calendar. Tenn. Code Ann. § 68-11-1608 Section (d) states the executive director of Health Services and Development Agency may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the

application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

NEED:
Cumberland Medical Center's (CMC) service area is Cumberland County. The 2015 population of Cumberland County is 58,340 increasing to 61,077 in 2019, and increase of 4.7%.

Cumberland Medical Center is the only hospital in the service area. CMC is a not-for-profit community hospital that is licensed for 189 beds (all private rooms), offering an extensive array of inpatient, outpatient, and emergency services. CMC and its affiliated physicians provide high quality emergency care 24 hours per day, 7 days per week.

CMC has been serving residents of Cumberland County since 1950; and today 80% of their patients originate from Cumberland County. The ED was constructed in 1972 to address the growing community's needs. In 1992, the ED was expanded to include two emergency/trauma rooms, one orthopedic room, an ambulance canopy, and a new HVAC. CMC has made no facility enhancements to the ED other than minor cosmetic and routine improvements since that time. The CMC Master Facility Plan and Strategic Plan both confirmed that a replacement ED was the most pressing concern to meet the needs of the patients in Cumberland County.

The existing 18 exam/care station emergency department has only 11,293 square feet and includes many outdated exam/care stations, limited clinical support and storage, and does not meet the evolving standards and expectations.

The existing facility has the following deficiencies and limitations confirmed by independent facility planners in 2014:

- There are not enough treatment rooms to meet current and anticipated community need;
- Outdated treatment areas do not meet current standards and expectations;
- Lacks clinical and operational support space such as storage, staff support, and work area;
- Lack of intake space , waiting space, and modern amenities;
- Inadequate security space;
- Poor central administration efficiency and access to patient care area;
- Overall general layout and functionality of the current floor plan.

The proposed project will create a modern ED on the first floor of the hospital consisting of 17,621 square feet and 25 new patient exam/care stations that meet all modern applicable codes and standards. The new ED will consist of the following:

- 2 Triage Rooms
- 2 Secure/Psych Rooms
- 2 Cardiac Care Rooms
- 2 Trauma Rooms
- 1 ISO/ENT Room
- 1 Bariatric Exam Room
- 15 Exam Rooms

Some of the enhancements this project will bring about include: enhanced IT capabilities, improvement in patient triage, waiting area and discharge, improved infrastructure, improved physician and staff satisfaction, better operational efficiencies, meets current AIA guidelines, meets community needs, and better patient outcomes.

CMC projects 32,571 and 32,733 emergency department visits in years one and two of the project.

TENNCARE/MEDICARE ACCESS:
The applicant participates in the Medicare and TennCare programs. CMC contracts with AmeriGroup, BlueCare/TennCare, and United Healthcare Community Plan/TennCare.

CMC projects year one Medicare revenues of $5,762,244 or 25% of gross revenues and TennCare revenues of $9,434,029 or 40% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:
The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 38 of the application. The total estimated project cost is $6,369,682.

Historical Data Chart: The Historical Data Chart is located on page 42 of the application. The applicant reported 35,204, 32,829, and 32,358 ED visits in 2012, 2013, and 2014 with net operating income of ($668,715), $258,254, and $(1,043,043) each year, respectively.

Projected Data Chart: The Projected Data Chart can be found on page 43 of the application. The applicant projects 32,571 and 32,733 ER visits in years one and two with net operating income of $4,751,723 and $4,741,270 each year, respectively.

The applicant's gross charge per patient is $716, with an average deduction of $480, resulting in average net revenue of $236. The applicant compares charges with the recent St. Thomas and TriStar Southern Hills CONs for ED projects, whose charges were $2,410 and $3,684, respectively.

CMC believes this proposed project is the best and most prudent community option to replace a critical patient care component which allows the existing ED to remain fully operational until the new ED is completed. No other options were considered that were deemed economically or operationally superior.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
CMC has multiple agreements, contracts, and business relationships and provides a list of these on pages 51 and 52 of the applications.

This project will have no negative effect on the service area as it is the only facility in the service area. CMC is enhancing its ability to provide care to its patients through this modernization and expansion.

The applicant will utilize the existing hospital staff for the project. CMC provides the staff and salaries on page 54 of the application.

All Covenant Health affiliated entities and have a very strong history of training students in many clinical areas. The applicant lists the facilities and clinical areas with which they are affiliated with on pages 55 and 56 of the application.

CMC is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by The Joint Commission.

CMC's most recent Joint Commission Survey is located in Attachment C, Contribution to the Orderly Development of Health Care-7.d.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

   Not applicable.

2. For relocation or replacement of an existing licensed health care institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
Not applicable.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Not applicable.

3. For renovation or expansions of an existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

CMC is the only hospital in the service area and thus contains the only ED. Emergency Department visits were 35,204, 32,829, and 32,358 in 2012, 2013, and 2014. CMC's patients are overwhelmingly from Cumberland County (80%) historically.

In addition to the above, the facility was first built in 1950, with the ED being established in 1972, and updated in 1992. The facility is long overdue for modernization and expansion to meet the needs of the community.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The facility was first built in 1950, with the ED being established in 1972, and updated in 1992. The facility is long overdue for modernization and expansion to meet the needs of the community.